

Mitterrand

subjects from the Crahan collection sold for in an auction at Sotheby's in New York. Top price, \$39,000 for the first printed cookbook, a 1475 volume by Bartholomew, made of only 57,000. Runners up: a 1471 German book on apothecary, \$31,900, and a large 16th-century French book on apothecary, \$23,100. The first American cookbook, Amelia Simmons' 1796 "American Cookery," fetched \$22,000. Mrs. Crahan said she was holding back some 20th-century cookbooks for her own use.

The producer of a TV soap opera, President Ronald Reagan's daughter Patti Davis, was dropped from the "Rituals" show for a book publisher. The actress, 21, is a book publisher. She did not intend to appear on the show beyond the two episodes she taped.

Two Czechoslovak mountain climbers, accompanied by a Slovak public relations officer, were the first to reach the summit of Mount Everest, Nepal's highest peak, on Sunday. The climbers, Jozef Rympl and Jirka Horak, were the first to reach the summit of the mountain, which is 29,000 feet high, since 1953.

It was more than a year ago when a friend advised John W. Smith of the New York Times to take a look at the water to cure his back pain. Smith, 67, has been suffering from back pain for years. He had tried many treatments, but nothing worked. Then he decided to try the water cure. He went to a spa in the Adirondacks and stayed for two weeks. The water cure worked. Smith is now back to his normal life.

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Asked whether the United States saw anything new in Mr. Chernenko's statement Tuesday in an interview with The Washington Post, the White House spokesman, Larry Speakes, said, "Not in substance."

However, he praised the "constructive tone" of Mr. Chernenko's remarks.

Mr. Speakes appeared at a White House briefing to read a statement. It blamed the Soviet Union for the stalemate in arms control and mildly rebuked Mr. Chernenko for making his proposals in a newspaper interview rather than privately.

"President Chernenko has stated that improvements in the U.S.-Soviet relationship depend on deeds, not words," the statement said. "We agree. When the Soviet Union is prepared to move from public statements to private negotiations and concrete agreements, they will find us ready."

These words were similar to those employed by Mr. Chernenko in his interview, the first with a foreign journalist since he became general secretary of the Soviet Communist Party in February.

Mr. Chernenko singled out four issues and said that resolution of "at least some of them" would open the way for resuming negotiations on strategic and medium-range nuclear arms. The Russians abandoned these negotiations when the

United States began deploying new missiles in Europe last year.

The four issues included a proposal to prevent the militarization of outer space; a freeze on nuclear weapons; ratification by the United States of negotiated test-ban treaties; and a pledge by the United States to renounce the first use of nuclear weapons.

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Defense Secretary Caspar W. Weinberger, right, with Prime Minister Shimon Peres.

U.S. Finds Little Substantive Change In Soviet Arms-Control Comments

By Lou Cannon
Washington Post Service

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ESTABLISHED 1887

U.S. Will Sell Israel Aid on Jet

Weinberger Grants Requests For Technology

By Thomas L. Friedman
New York Times Service

JERUSALEM — Caspar W. Weinberger, the U.S. secretary of defense, ended his short visit to Israel on Wednesday with an announcement that the Reagan administration had decided to grant Israel access to the advanced U.S. technology needed to produce its ultra-modern Lavi fighter jet.

Mr. Weinberger also said that Washington would consider meeting an Israeli request for the purchase of three diesel submarines and buying Israeli manufactured 120-mm mortars for the U.S. Army.

The defense secretary left Tel Aviv for an unscheduled dinner engagement in Amman with King Hussein of Jordan. Before his departure, Mr. Weinberger said the Reagan administration was anxious to "invigorate the peace process."

Privately, Israeli officials expressed satisfaction with the two-day visit by Mr. Weinberger. They noted that they only did not receive most of what they asked for, but also that the atmosphere of the meetings was very cordial.

"Basically the Israelis got everything they hoped for out of a visit of this type," a U.S. official said. "The discussions were extremely warm and friendly and almost jovial. There was no tension between Weinberger and the Israelis."

The top item on the Israeli agenda was the Lavi fighter, which is expected to be the bulk of the Israeli Air Force in the 1990s. The Lavi project has completed the research and development phases and is ready for the production of a prototype.

However, this phase of its development had been held up for months because of Pentagon restrictions on the export of certain advanced technology items that Israel had ordered from U.S. manufacturers.

These items included a highly sophisticated tail assembly and details of the composition of a special material to be used in the wing of the Lavi. The wings are to be built to the United States, but Israel needs the technical information for other aspects of the production.

After a meeting with the Israeli prime minister, Shimon Peres, Mr. Weinberger said: "The Lavi phase-three composite production technology was released to Israel, and this technology is the one that is essential to the production of the new fighter aircraft."

The secretary added that Israel and the U.S. had agreed to "form a joint working team" to study Israel's submarine requirements and "proceed to some future solution."

Mr. Weinberger also told the Israelis that the United States was considering purchase of the new Israeli-made 120-mm mortar and ammunition, but he made no commitments, U.S. officials said. The U.S. Army has put out bids for a new mortar system, and the Israeli equipment is understood to be one of the top candidates.

Finally, Mr. Weinberger said that he informed the Israeli defense minister, Yitzhak Rabin, that the U.S. would extend the so-called "offset policy" that was due to expire Oct. 31.

The offset policy states that when Israel purchases large



MAGGIE'S MEN — Britain's prime minister, Margaret Thatcher, was followed closely Wednesday by security personnel at an appearance in London. Her security arrangements have been tightened since the assassination attempt last Friday.

Planned Strike in Britain Threatens To Close the Remaining Coal Mines

By Michael Getler
Washington Post Service

LONDON — Britain braced for more labor unrest Wednesday after a decision to strike by a mine super-union threatened to shut all of the country's coal mines next week.

Prime Minister Margaret Thatcher vowed that the right to close unprofitable mines "cannot and will not be surrendered."

These developments took place against a backdrop of renewed outbreaks of picket line violence and clashes between striking miners and police at several coal mining communities in the English Midlands.

News of the new strike, which would begin Oct. 25, and a decline in the price of North Sea oil helped send the London stock market tumbling. The Financial Times in-

dex showed a fall of 27.9 points, the steepest decline in 10 years.

Financial analysts at one of London's most respected stockbrokers forecast that the new strike could reduce coal supplies enough to cause power shortages by December.

The government disputes such claims, but the prospect nevertheless revives memories of power shortages because of a strike by miners in the winter of 1973 that helped drive a previous Conservative Party government from power.

The decision of the coal pit deputies and supervisors to strike means that all of Britain's 175 coal mines could shut down.

About three-fourths of those mines have been shut since the National Union of Mineworkers called a strike March 12. But because the mine union leader, Arthur Scargill, called that strike without polling the membership,

about 50,000 of Britain's 180,000 miners have continued to work, primarily in the Nottinghamshire fields in the Midlands.

If the 17,000 pit deputies walk out, they could shut all the working mines because the deputies are responsible for safety and security at the mines and, legally, the mines cannot operate without them.

The deputies union, known as NACODS, is normally the most moderate mining union and it has not voted to strike in 100 years. But union officials claimed to have been driven to take action by the position taken in negotiations by Ian MacGregor, the chairman of the state-run National Coal Board that represents the industry.

The general secretary of the deputies union, Peter McNesry, said Wednesday that "only a complete change of attitude from the Coal Board could prevent the strike" from starting next Thursday.

Before Norway reduced its prices about \$1.50 a barrel, Britain had been proposing to leave its prices unchanged in the fourth quarter, hoping that a revival in demand would quiet some customers' demands for lower prices. Despite its free-market philosophy, the British government recently had been overruling oil companies to hold off on calls for an immediate price cut.

Oil traders were awaiting a response from OPEC to the new British attitude. Some OPEC oil ministers have said they would be prepared to cut their production further in an attempt to defend prices.

The focus of attention will be on Saudi Arabia, which is by far OPEC's biggest producer and which has indicated a willingness to help the financially weak Nigerians ride out any drop in oil sales caused by the tougher competition from non-OPEC crude.

(Continued on Page 2, Col. 6)

British Set to Cut Oil Price

\$1.35 Reduction Puts Pressure On Nigeria

By Bob Hagerty
International Herald Tribune

LONDON — State-owned British National Oil Corp. proposed Wednesday a \$1.35-a-barrel cut in most North Sea oil prices, increasing the chances for a further big drop in oil prices worldwide.

The move, prompted by a similar cut announced Monday by Norway, put severe pressure on Nigeria, whose oil competes directly with that produced by Britain and Norway in the North Sea. Industry analysts and executives said.

A price cut by Nigeria, which unlike Britain and Norway is a

member of the Organization of Petroleum Exporting Countries, could force OPEC into accepting another cut in its official prices.

"This could be the beginning of the price drop everybody fears," said Joe Roberts, a British oil consultant, "but doesn't have to be" if OPEC displays unity and holds down its production.

The British proposal is considered likely to win approval from most companies buying oil from Britain. It would reduce the price of Brent crude, the most widely traded variety, to \$28.65 a barrel. The oil-trading company also would cut \$1.35 from all other grades of British crude except Nymex, which would decline \$1.20, in a move reflecting higher demand for that blend.

Since Britain is among the largest oil producers outside of OPEC, the planned price cut is a heavy blow to the cartel's effort to resist pressure for further price cuts. In early 1983, a price cut by Britain prompted Nigeria to break ranks with OPEC members and cut its prices. The Nigerian move, in turn, was instrumental in forcing OPEC to cut its official prices by about 15 percent in March 1983, bringing the benchmark Saudi light crude to \$29 a barrel.

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(Continued on Page 2, Col. 6)

Salvadoran Rivals Remain Far Apart

By Loren Jenkins
Washington Post Service

SAN SALVADOR — Both President José Napoleón Duarte and his rebel opponents have assessed their historic peace talks as a success, but statements made since by each side indicate that their positions on how to end the five-year civil war remain far apart.

Spokesmen for each delegation said Tuesday that neither of the two most divisive issues between them had come up during the talks Monday in the northern town of La Palma.

One was the insistence by the guerrillas of the Farabundo Martí National Liberation Front and its political ally, the Democratic Revolutionary Front, that they be allowed initially to share power in the government without participating in elections. The other was Mr. Duarte's insistence that no serious negotiations could take place until the guerrillas laid down their arms.

Most of the public statements so far have been positive. Both sides interpreted the decision made at the meeting to set up a joint committee to hold a round of further peace talks beginning next month as an important step toward ending the war.

But in a telephone interview after returning Tuesday morning to his home in Panama, the leader of the left's delegation, Guillermo Ungo, said that although there was

agreement on the necessity of finding a way to end the war, the method of doing it was far from being resolved.

Mr. Ungo said that despite the moderate, conciliatory tone adopted by his delegation at La Palma, the guerrilla front had not softened its demands, especially on the sensitive issue of power sharing.

The fact that it had not raised its insistence that any negotiated settlement to end the war include rebel participation in a provisional government of national unity before elections are held was interpreted originally as a sign that the rebels might have softened their stand.

This, Mr. Ungo said, was definitely not the case.

"Our thesis is still that there can be no real settlement unless there is a sharing of power to guarantee its implementation," he said. "The reason we did not raise it at this time was that we decided ahead of time to avoid bringing up issues that we knew would prove to be stumbling blocks for further dialogue."

"We are realists and realized that at this stage of the talks to have put such a demand on the table would have risked future dialogue," he said.

Mr. Ungo said. "There was a coincidence of views between us and the government for the continuity of the dialogue, and that is the one concrete result of the meeting. We will have to wait until our next meeting to see where we go now."

Another official of the rebels' political branch, Jorge Villacorta, said Tuesday from his home in San José, Costa Rica, that the La Palma meeting was a victory for his movement because it had succeeded in institutionalizing the dialogue that he said his movement had been seeking since 1981.

"We did not think Duarte was sincere in his talk about dialogue and felt it was all just a political maneuver," Mr. Villacorta said. "So what we wanted to do was to turn this maneuver into serious negotiations and that we could do by avoiding placing all our cards on the table immediately."

In effect, that seems to have been precisely what the Duarte government sought to do by seeming, at least temporarily, to soften its hard line on the issue of not holding talks with the rebels until they laid down their arms and agreed to live by the political rules laid down in El Salvador's year-old constitution.

Mr. Duarte said Monday that he "did not mention" the laying down of arms during the meeting. He said the issue had been shelved for the moment.

(Continued on Page 2, Col. 1)

3 Scientists Win Nobel Prizes in Physics, Chemistry

The Associated Press

STOCKHOLM — A biochemist from the United States and an Italian-Dutch team of nuclear physicists were awarded the 1984 Nobel prizes in chemistry and physics on Wednesday.

The Royal Swedish Academy of Sciences honored Carlo Rubbia, 50, and Simon Van der Meer, 59, for isolating two previously undiscovered particles of matter called W and Z field particles.

Herwig Schopper, director of CERN, the European Laboratory for Particle Physics near Geneva, where they did their research, has called their discovery the most important to physics since solid state transistors were invented in 1948.

The chemistry award went to Robert Bruce Merrifield, 63, of New York's Rockefeller University for developing a method for synthesizing peptides.

Contrary to the Rubbia-Van der Meer work, which culminated last year, Mr. Merrifield first developed his synthesizing technique to the late 1950s, said Professor Bengt Lindberg of the academy.

It came into use in the 1960s, but it was not until the last decade that it became "a basic tool that all laboratories use," Mr. Lindberg said.



Simon Van der Meer



Carlo Rubbia

The procedure entails attaching a protein to a polymer, or plastic, matrix. It then develops into a chain of peptide molecules. Proteins are basic to all living matter and peptides are another organic substance containing amino acids.

Mr. Lindberg said Mr. Merrifield's method is used in gene technology and in the manufacture of medicine for high blood pressure and drugs, including insulin. The

academy said Mr. Merrifield's method has revolutionized not only his field, peptide and protein chemistry, but also nucleic acid chemistry.

The statement called the method "a completely new approach to organic synthesis" and said "it has greatly stimulated progress in biochemistry, molecular biology, pharmacology and medicine."

The physics prize was awarded

to Mr. Rubbia and Mr. Van der Meer for work that "is the crowning of 50 years' research into weak interaction, the crowning of a series of discoveries in the project at CERN," said Gösta Ekspång, an academy physicist who also works in the CERN project.

Weak atomic interaction is one of four basic forces to nature, together with electromagnetism, strong atomic interaction and gravitation.

The academy scientists said Mr. Rubbia, who also is a professor of physics at Harvard University in Cambridge, Massachusetts, was the idea man for the work and Mr. Van der Meer the engineer who carried it out.

They converted an atomic particle accelerator into a 2,000-ton superaccelerator for storage of protons, the heart of the atom, and antiprotons, which occur only in the accelerator, not in nature.

The particles are sent through miles of pipework inside the superaccelerator until they collide at a speed of 600 billion electron volts. At that speed, they could reach the moon in only a few seconds.

The first particle collisions occurred in 1981 and Mr. Rubbia and

INSIDE

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■ Walter Mondale attacked President Reagan for having a "naïve and primitive notion of national strength." Page 3.

■ The Nobel prize for medicine this year recognizes a discovery that has already paid big dividends in treatment. Page 7.

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■ Saudis tighten rules for foreign companies. Page 13.

■ The West has achieved its energy security — for now. Oil and Energy. Page 9.

TOMORROW

U.S. Secretary of Defense Caspar W. Weinberger has gained new stature in Europe and Asia as a spokesman for the Reagan administration.

ROME — Soon after shooting and wounding Pope John Paul II in St. Peter's Square, Mehmet Ali Agca dropped a hint to Italian magistrates that he would be worthwhile investigating a "Bulgarian connection" to the assassination attempt.

The clue was buried in the middle of a rambling "confession" in which the Turkish gunman depicted the attempt on the pope's life as an act of humanity aimed at stirring the conscience of the world. Describing his travels around Europe, he said he had spent between 40 and 50 days in Bulgaria in the summer of 1980.

It was in the Bulgarian capital, Sofia, Mr. Agca went on, that he had been supplied the 9mm Browning pistol with which he had shot the Polish-born pontiff, as well as the false Turkish passport he was carrying on May 13, 1981, the day of the assassination attempt. He had bought the gun from a Syrian journalism student called "Mohammed," he said. The passport had been supplied to him by a well-connected Turkish businessman named "Omer Marsal."

Mr. Agca volunteered "Marsal's" telephone number in the West German city of Munich and the information that he was involved in the smuggling of cigarettes, drugs and occasionally arms. "Marsal," he added, had put him in touch with a mysterious Bulgarian called "Mustafaez" who later instructed him to investigate the pos-

sibility of assassinating the leaders of Tunisia and Malta.

Mr. Agca's assertions about how he had acquired the passport and the gun apparently were phony, and both "Mustafaez" and "Mohammed" have disappeared from later versions of his testimony. But "Marsal" was a real person, the

attempted assassination of the pontiff to Bulgaria and to the Kremlin. It was not until 18 months later, in the autumn of 1982, that Mr. Agca himself made the sensational claim that he had been hired directly by the Bulgarian secret service to shoot the pope.

Much important information about the Italian investigation into Mr. Agca's claims is still secret. It is based on about 25,000 pages of evidence that will not become available to the public until if and when the Italian judiciary decides to hold a new trial on conspiracy charges. There could well be fresh disclosures. The following represents only a preliminary reconstruction of the complex story of how Mr. Agca came to point the finger at Moscow.

Questioned by West German police on May 21, Mr. Marsal confirmed that he had met Mr. Agca in Sofia. The figure of Mr. Marsal also provided apparent evidence of a link between Mr. Agca and the smuggling ring known as the Turkish mafia which operated out of Bulgaria with the alleged connivance of the Bulgarian authorities.

The first Italian magistrate to interrogate Mr. Agca, Judge Domenico Sica, has since said that the pope's would-be assassin gave the impression of having carefully worked out beforehand what his initial testimony would be in the event of his arrest.

The hard information that Mr. Agca did disclose about Mr. Marsal and his stay in Sofia was to become a central element in the early conspiracy theories linking

the attempted assassination of the pontiff to Bulgaria and to the Kremlin. It was not until 18 months later, in the autumn of 1982, that Mr. Agca himself made the sensational claim that he had been hired directly by the Bulgarian secret service to shoot the pope.

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(Continued on Page 5, Col. 11)

Threats, Violence Bring Extraordinary Security in U.S. Courts

By Ronald J. Ostrow
Los Angeles Times Service

ATLANTA — Every weekday morning for the last 11 weeks, five government cars with blue lights flashing have pulled out of the federal penitentiary here and headed downtown. Two motorcycles leapfrog ahead to shut off major intersections before the caravan plunges into the garage beneath the federal courthouse.

Inside, U.S. deputy marshals with automatic weapons fan out in a protective screen as three chained passengers are led from an armor-plated vehicle to an elevator and a 16th-floor holding cell. The three later join seven other defendants in the courtroom where the government is prosecuting its largest cocaine case in history.

The extraordinary precautions illustrate a stark reality: Faced with unprecedented levels of threats and violence against judges and court personnel, the federal judicial system has felt compelled to adopt security measures that could have a far-reaching impact on the atmosphere in which justice is dispensed.

Court proceedings requiring extreme safeguards to prevent disruptions, escape attempts and other violence are at an all-time high. At the same time, personal threats against federal judges are up 28 percent from last year.

The mounting violence and threats present a special problem in the United States, which has a traditional emphasis on courtrooms open to the public, noted Stanley E. Morris, director of the U.S. Marshals Service. The duties of his agency include courtroom security and moving prisoners.

"Courts do the public's business in public buildings, and there is a constitutional right to a public trial," said Mr. Morris. "That's why judges are concerned with security measures we take — to make certain it doesn't appear the courts are armed camps."

The nature of those targeted for prosecution by the federal government's anti-crime drive helps explain the upturn in assaults on the judiciary and the judicial process. The targets of prosecution include leaders of organized crime, violence-prone gang members and narcotics traffickers so wealthy that they can sacrifice huge bonds to win freedom.

"The level of people coming in are much higher on the organized crime ladder, and they're people with a significant amount to lose if they get convicted," said Howard Saffir, assistant director for operations of the marshals' service.

As a measure of the heightened threat, court security officers detected 135 weapons being carried into the federal court-

house in Brooklyn in the first two months they were assigned there. And last month, marshals evacuated courthouses in Chicago, Pittsburgh, New York City, Syracuse and Hauppauge, New York, because of bomb threats.

The federal government's court security budget has gone up in response. It rose from \$30.2 million in fiscal 1982 to \$37.4 million in fiscal 1984 and to \$45.8 million in this new fiscal year.

In the Atlanta cocaine trial, a heavy contingent of deputies sits among spectators and along the walls of the large courtroom.

For added security, the deputies require everyone in court to remain seated whenever the three defendants under guard are taken from the room. The defendants leave and enter out of view of the jury.

One reason for the precautions seems obvious: The alleged ringleader of the trafficking organization, Harold J. Rosenthal, escaped from a federal prison in Miami in 1981. The latest indictment alleges that he tried to set up the murders of U.S. and Colombian law enforcement agents after he was arrested in Colombia last year.

To keep the peace in the courtroom, the marshals rely heavily on technology. Spectators are examined with magnetometers far more sensitive than those used at air-

ports, and their belongings are x-rayed. The service also has installed armor to protect judges from gun fire, closed-circuit television to screen visitors to judges' chambers and alarms that court workers can set off at the first sign of trouble.

Not all federal judges welcome efforts to protect them, despite the increased threats. "It's very restrictive being protected," said Mr. Saffir, the marshals' operations chief. "Say you're a judge and want to go jogging or on a picnic with your family. All of a sudden, you find yourself with people totting guns around you."

Often, it takes a scare to convince balking judges. Judges in U.S. District Court in Savannah, Georgia, had resisted the installation of magnetometers but changed their minds last March after a man looking for the chambers of Judge Wilbur D. Owens was apprehended in the courthouse corridor carrying a rifle.

In the case of U.S. District Judge John H. Wood Jr. in San Antonio, the objections proved tragic. After an assistant U.S. attorney prosecuting a major drug case being heard by Judge Wood was shot at, the marshals assigned deputies to guard the prosecutor and the judge. After two months, Judge Wood asked that the bodyguards be withdrawn. Four months later he was assassinated.

Assad's Soviet Visit Seen As Ending Under Cloud

Reuters

MOSCOW — President Hafiz al-Assad ended a visit to Moscow on Wednesday that produced new pledges of Soviet support for his country but also signs that he had failed to see eye-to-eye with the Kremlin leadership.

Western and Middle East diplomats said they were puzzled by the unusually bare treatment given to Mr. Assad's visit by the state media and by the wording of a report on talks Tuesday with President Konstantin U. Chernenko.

Under Mr. Assad's leadership, Syria has become the Kremlin's main Middle East ally, although there have been frequent signs of friction between Damascus and Moscow.

Diplomats said they believed Mr. Assad came to Moscow seeking assurances of continued backing at a time when the Kremlin has been cultivating moderate Arab states in a diplomatic drive to widen its role in the region's affairs.

The report, published in Wednesday's newspapers, said Mr. Chernenko praised Damascus and promised "further all-round assistance to Syria and the other Arab peoples."

Diplomats said they were struck by the mention of other Arab states as well as by the absence of a reference to the Palestine Liberation Organization and by the description of the atmosphere at the talks.

This referred to mutual understanding, friendship and cordiality, a lukewarm formula for talks.

"On the Soviet scale, this is evidence of disagreement," a diplomat said.

Syrian officials declined to discuss the visit, but diplomats said it appeared the Kremlin may not have given the assurances Mr. Assad was seeking over the Soviet attitude to Egypt, Jordan and other states.

Syria denounced last month's restoration of ties between Egypt and Jordan, but the Soviet Union has not commented. Moscow itself restored full ties with Egypt two months ago and has been cultivating ties with Jordan.

Mr. Assad is also believed to be upset by the Kremlin's continued backing for Yasser Arafat and by its increasing support for Iraq in its war with Iran.



Robert Bruce Merrifield

Scientists Win Nobel Prizes

(Continued from Page 1)

Mr. Van der Meer isolated the communicator particles last year. Honoring work with a Nobel soon after its completion is unusual, but scientists of the academy said there was no reason to wait because of the discovery's obvious value.

Wednesday's awards completed the 1984 series of Nobel prizes established by the will of Alfred Nobel, the Swede who invented dynamite.

Three other Nobel prizes have been awarded this month. Jaroslav Seifert, 83, a Czech poet, won the prize for literature, and Bishop Desmond Tutu, the black anti-apartheid leader of the South African Council of Churches, was awarded the peace prize. The prize for medicine was shared by Dr. César Milstein, 57, of the British Medical Research Council's laboratory in Cambridge; Dr. Georges J.F. Köhler, 38, of the Basel Institute of Immunology in Switzerland; and Dr. Niels K. Jerne, 72, professor emeritus at the Basel institute.

Mr. Chernenko's breathing, however, was short and shallow, although less so than in public appearances. There were reports last summer that Mr. Chernenko had been hospitalized with unspecified heart trouble.

He conducted the entire conversation without notes and without consulting Mr. Zamyatin or Mr. Alexandrov. With an eye to the official photographer who was present to take photographs, the Soviet leader placed the visitor to his right, before escorting him to the long table, covered in green felt, where he conducts most of his official negotiations.

In the brief conversation, it was apparent that Mr. Chernenko belongs to a generation of Soviet leaders who came to manhood before World War II and who have vivid memories of war. He alluded to the horrors of war and spoke with conviction about his desire to resume arms control talks with the United States.

Dressed in a business suit of solid dark blue, a white shirt and a blue tie with light blue stripes, he sat quietly and outlined his arguments, occasionally playing with the pencil set next to his pad.

Mr. Chernenko's style and approach appeared similar to that of his political mentor, Leonid I. Brezhnev, with whom Mr. Chernenko worked for three decades before rising to the top of the Kremlin hierarchy.

He seemed both deliberate and

Chernenko in Private: Fit, Relaxed, Humorous

By Dusko Doder
Washington Post Service

MOSCOW — "A visitor coming with the first snow is a good omen," President Konstantin U. Chernenko said. "According to an old Russian proverb, it means good luck."

The 73-year-old Soviet leader smiled as he greeted his visitor in his Kremlin office Tuesday, pointing at the winter's first snow flurries swirling outside his third-floor window.

One distinct and perhaps surprising impression after talking to the general secretary of the Soviet Communist Party was that behind his stony-faced public image, Mr. Chernenko shows a sense of humor and good-natured modesty.

At the start of the interview, realizing that the services of a veteran translator, Viktor Sukhadrev, were not needed, he laughed and said, "Sukhadrev is without a job now."

When he presented the text of his written replies to questions sent earlier and was reminded by a Kremlin spokesman, Leonid M. Zamyatin, that an English language transcript of the text was enclosed, Mr. Chernenko quipped, "You see, full service."

When A. Alexandrov-Agentov, a veteran foreign policy adviser, inquired whether "The Washington Post" would print the full text of the leader's remarks and was assured only that a long story including a major points would be printed, Mr. Chernenko joked, "The longer, the better."

To an observer who has watched him from a distance during frequent public appearances, the Soviet leader appeared fit and in good health. His complexion was ruddy, his handshake firm and his gait steady. His delivery was far better than in his public speeches, employing plain language and normal Russian phrases that were in sharp contrast to the stilted formality of Pravda editorials.

Mr. Chernenko's breathing, however, was short and shallow, although less so than in public appearances. There were reports last summer that Mr. Chernenko had been hospitalized with unspecified heart trouble.

He conducted the entire conversation without notes and without consulting Mr. Zamyatin or Mr. Alexandrov. With an eye to the official photographer who was present to take photographs, the Soviet leader placed the visitor to his right, before escorting him to the long table, covered in green felt, where he conducts most of his official negotiations.

In the brief conversation, it was apparent that Mr. Chernenko belongs to a generation of Soviet leaders who came to manhood before World War II and who have vivid memories of war. He alluded to the horrors of war and spoke with conviction about his desire to resume arms control talks with the United States.

Dressed in a business suit of solid dark blue, a white shirt and a blue tie with light blue stripes, he sat quietly and outlined his arguments, occasionally playing with the pencil set next to his pad.

Mr. Chernenko's style and approach appeared similar to that of his political mentor, Leonid I. Brezhnev, with whom Mr. Chernenko worked for three decades before rising to the top of the Kremlin hierarchy.

He seemed both deliberate and

considerate, the type of man who serves as chairman of the board.

During the interview, he mentioned only two dates, both of which fell within his tenure as Soviet leader. He also made the point of saying that his answers reflected the collective view of the Soviet leadership.

Mr. Chernenko steered clear of ideological issues and, speaking as he did to the American audience, showed a degree of pragmatism in his approach to the United States.

Mr. Chernenko's office is a large room with light-yellow silk walls and white silk curtains covering four huge windows about 12 feet (3.6 meters) high. There were no ashtrays on the long table, presumably because the general secretary does not smoke. The pencil containers are of cut crystal. On his desk was a neat pile of documents. The only picture in the room was of Lenin.

Word of the invitation to meet with the general secretary came at the last moment, shortly before a black government sedan arrived to pick up the visitor at home and drive him to the Kremlin.

There was no need to show identification as the car passed through the official entrance and drove through the open part of the Kremlin where hundreds of tourists were taking pictures of the ancient Russian churches on the Kremlin grounds.

The car swung through a huge iron gate into the closed section of the Kremlin, located immediately behind the wall facing Red Square. Mr. Chernenko's office is in the building of the Council of Ministers, and his windows face not onto Red Square but onto a carefully manicured inner courtyard.

Like an American politician, Mr. Chernenko seemed to be accustomed to autographing his photographs and readily promised his visitor an autographed copy of the photograph of the two of them.

As his visitor was leaving, Mr. Chernenko asked somewhat mischievously, "Is The Washington Post an influential newspaper?"

U.S. Reacts To Interview

(Continued from Page 1)

maintained that bargaining on reduction of medium-range nuclear weapons in Europe cannot be resumed unless the United States removes Pershing-2 and cruise missiles deployed in Europe.

Mr. Speaker's statement indicated that U.S. officials may have more to say on Mr. Chernenko's remarks after they have studied them in detail.

Advisers to President Reagan and Walter F. Mondale, his Democratic opponent in next month's presidential election, said Tuesday that Mr. Chernenko's overtures might be aimed at pushing the issue to the forefront of the campaign in advance of Sunday's presidential debate on foreign policy.

"Chernenko wants to make sure his question gets asked," a Mondale adviser said.

Reagan administration officials said that they thought Mr. Chernenko's comments were designed to highlight arms-control issues at a critical time in the campaign.

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Both Camps Plan to Be Assertive In 2d Debate

(Continued from Page 1)

als in Mr. Mondale's living room and a visit to the broadcast control room in Louisville to study camera angles with turning him into what one adviser called "a born-again television candidate."

As a consequence, in the coming debate preparations in the living room of his home here, Mr. Mondale will again debate a Reagan stand-in, Michael Sovern, the president of Columbia University, and then watch videotaped replays of their exchanges.

With regard to the "high road" strategy, several campaign officials cautioned against assuming that Mr. Mondale would be overly polite in criticizing Mr. Reagan's policies or that he would avoid the issue of competence.

"I think we can raise it directly," Mr. Johnson said. "I think, in fact, that many of Reagan's failures in foreign policy and defense flow directly from his inability to master the substance of the situation and to apply himself."

Although some Democratic analysts worry that foreign policy is generally a strong area for Republican candidates, Peter D. Hart, the Mondale campaign poll-taker, said a highly detailed debate on the subject gave Mr. Mondale a chance to emphasize the "question mark" created by Mr. Reagan's performance in the first debate.

"Our theory is that we've got the right topic being discussed at the right time and for Mondale, basically what we want to do show is both competence and command in foreign policy and arms control," Mr. Hart said.

Steven R. Weisman of The New York Times reported:

In interviews, White House and campaign officials said Mr. Reagan would probably go on the offensive, attacking Mr. Mondale's policies as a threat to U.S. security and placing less emphasis than before on facts and figures.

The officials said they hoped a firm and assertive performance by Mr. Reagan would forestall a surge of support for Mr. Mondale, even if the Democratic candidate himself does well in the debate.

"Even if there's a major disaster," said a senior strategist, "I don't anticipate much change."

Campaign aides now seem to agree, in some cases reluctantly, that Mr. Reagan gave a lackluster performance in the Oct. 7 debate.

Virtually all those interviewed recently said the problem was not that Mr. Reagan was "smothered" by statistics, as has been alleged, but that the president was not personally engaged in the foundation of themes and "attack points."

The biggest change in the debate preparations, these advisers said, will be that Mr. Reagan will meet with a few advisers at various times over the next few days and decide himself the points he should make on each debate question.

This time there will be fewer mock debates than the four that were held before the last event, and more time for Mr. Reagan to "reflect," a White House official said.

David A. Stockman, director of the Office of Management and Budget, is scheduled again to play the role of Mr. Mondale in the mock debates, which are to be taped so that aides can analyze Mr. Reagan's performances.

Campaign aides said the most difficult subjects are expected to be relations with the Soviet Union and "regional problems" such as the Middle East and Central America.

Some officials acknowledged that in press conferences, Mr. Reagan has not performed especially well in making a strong case for his policies in the Middle East, particularly in Lebanon.

White House aides have said in the past that Mr. Reagan tends to "fidget" in these areas, giving lengthy reviews of the facts and events surrounding his policy choices.

Some aides said it would be dangerous for the president to give this sort of performance on Sunday night. They said the best way for him to avoid rambling would be to concentrate on the points he wants to make on each subject and to put Mr. Mondale on the defensive.

Among those participating in debate preparations will be people of widely differing views on foreign policy.

On the one hand, James A. Baker 3d, the White House chief of staff, and Michael K. Deaver, the deputy chief of staff, are known to be uneasy about military commitments in the Middle East and Central America, as well as about taking a hard line toward the Soviet Union.

On the other, Jeane J. Kirkpatrick, the U.S. representative to the United Nations, who is also participating in some of the preparation sessions, is known to feel that a hard line is necessary, particularly in Central America.

WORLD BRIEFS

Nonnuclear NATO Defense Rejected

BRUSSELS (Reuters) — NATO's secretary-general, Lord Carrington, rejected Wednesday the idea of a nonnuclear defense for the alliance and said that if Soviet leaders did not want nuclear war "they have only to refrain from aggression against us."

Addressing the Belgian Royal Institute for International Relations, Lord Carrington criticized proposals from some strategists that the North Atlantic Treaty Organization should pledge it would not be first to use nuclear weapons. "The problem with no-first-use is that such a policy would weaken the deterrent against conventional attack and thus undermine our fundamental aim of preventing war," he said.

Britain's opposition Labor Party adopted a policy of unilateral nuclear disarmament this month, joining Socialist parties in the Netherlands, Belgium, Denmark and Norway. Lord Carrington, a former British foreign secretary for the Conservatives, said that if NATO became wholly nonnuclear there would be an enormous shift in the balance of power in Moscow's favor. The Soviet Union could threaten to destroy every West European city without facing retaliation.

Soviet Aide Denies Sakharov Remark

COPENHAGEN (AP) — A Soviet official denied Wednesday that he told a Danish politician that Andrei D. Sakharov was free to leave the Soviet Union.

The denial, in a statement issued through the Soviet Embassy in Copenhagen, came after Ivan Isakov, deputy chairman of the presidium of the Supreme Soviet, was quoted Tuesday as saying that the dissident physicist has been given permission to leave but declines to do so.

Mr. Polyakov is heading a delegation from the Supreme Soviet visiting Denmark as guests of the Danish Parliament. His remark was purportedly made through an interpreter in a brief exchange with Bjoern Elmquist, a Liberal member of the Danish legislature, during a reception.

Australian Challenger Sinks in Polls

SYDNEY (Reuters) — The campaign by Andrew Peacock, leader of the Australian Liberal-National opposition, for the general election Dec. 1 received a sharp setback Wednesday with publication of an opinion poll showing his popularity at a record low.

Mr. Peacock's approval rating in the latest Morgan Gallup poll slid to 20 percent from last week's 22 percent, confirming him as the least popular federal leader on record. The rating of Bob Hawke, the Labor Party prime minister, was 69 percent.

Mr. Peacock's coalition, swept out of power by a Labor landslide in March 1983, recently attacked the government's handling of crime and corruption. But the latest poll showed that voters saw the economy and employment, both on the rise, as the main election issues.

For the Record

The board investigating the assassination of Benigno S. Aquino Jr. scheduled a meeting Thursday to evaluate a vital piece of evidence, a board lawyer said Wednesday without elaboration.

Recruitment of women for the armed forces was ruled out Wednesday by the West German government. It decided instead to extend the 15-month obligation for male draftees to 18 months starting in 1989 and to lower military fitness standards. Currently there are 80 women physicians in uniform.

Anatoly Karpov, the world chess champion, and Gary Kasparov, the challenger, agreed to a draw Wednesday after 16 moves of the 14th game of their title match in Moscow. It was the fifth draw in a row. Mr. Karpov leads in games won, 4-0, with victory going to the first player to win six games.

Tutu: A Passion for Change Where White Makes Right

By Alan Cowell
New York Times Service

JOHANNESBURG — For many among South Africa's black majority, Bishop Desmond Tutu, who was awarded the Nobel Peace Prize Tuesday, is a voice full of passion for change in this divided land, a man whose humor turns quickly to a sonorous invocation of liberation.

Diminutive in stature, sharp-eyed and outspoken, the 53-year-old cleric is a man with a message that is yearended for.

To the authorities, however, such talk falls little short of subversion, a challenge perceived as part of a total onslaught from within and without on white South Africa and a voice that is to be stifled. His organization, the South African Council of Churches, of which he is general secretary, has been scrutinized by three official judicial inquiries. His passport has been withdrawn repeatedly.

A former security chief, Lieutenant General Johan Coetzee, once expressed support for the view that the church council "is manipulated by a highly politicized leadership, is funded by outside influences hostile to the present system in South Africa and gives itself an importance not reflected in reality."

The award, thus, says something about the conflicting interpretations of a message translated by the Nobel committee as peaceful. When word came Tuesday that the bishop had won the prize, supporters danced and formed a gyrating human chain through the church council's offices here.

The office of President Pieter W. Botha issued a "no comment" that seemed as respectful as it was full of affront. The state-controlled television gave the first announcement 10 seconds of air time as its sixth item of news, and commentators in the conservative press read mainly by whites wrote editorials filled with outrage that the label of peace set by a group whose language is of the militant left. But Bishop Tutu has occupied a center that is bound to shift as the authorities' seeming intransigence toward black demands heightens a mood of militant desperation.

He has sought to project his voice across the chasm between black and white and, in doing so, faces a problem. Increasingly, in black South African politics, the tone—if not the overall thrust—is set by a group whose language is of the militant left. But Bishop Tutu has occupied a center that is bound to shift as the authorities' seeming intransigence toward black demands heightens a mood of militant desperation.

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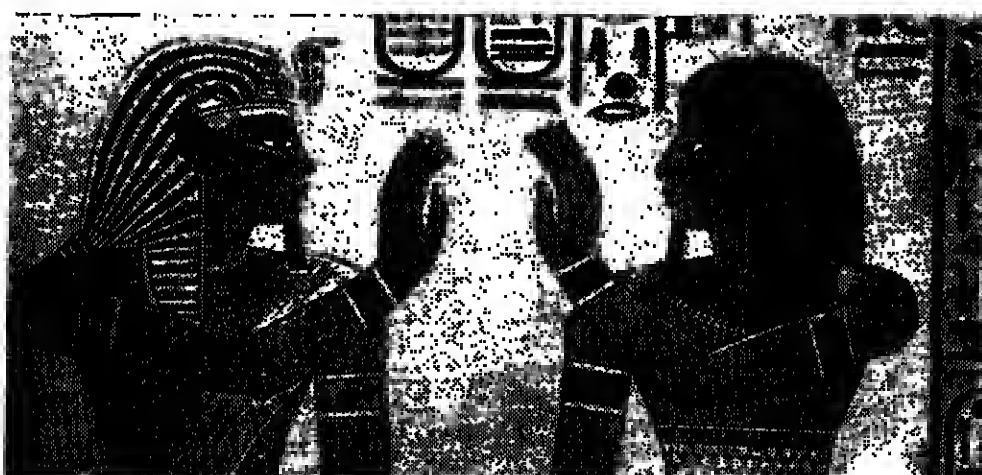
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Defense Rejected

Secretary-General, Lord Carrington, announced that the United States would not use nuclear weapons in a conventional war, but that it would not rule out the use of nuclear weapons in a nuclear war, he said.

Sakharov Remark

Official denied Wednesday that he had said that the Soviet Union was free to leave the Soviet Union, he said.

nger Sinks in Polls

Andrew Peacock, leader of opposition, for the general election, said that the government's handling of crime and the economy was the main election issue.

on for Change

Makes Right

teaching at a Methodist school, he said that the family was not in the Anglican Church.

Reagan Assails Mondale On Carter Arms Policy

By David Hoffman
Washington Post Service

GLEN ELLYN, Illinois — President Ronald Reagan has assailed the United States' "unilateral disarmament" in the face of a Soviet arms buildup before he took office, and he laid the responsibility on Walter F. Mondale and the Carter administration.

Responding to students' questions in appearances in the Chicago area Tuesday, Mr. Reagan attacked his opponent on foreign-policy topics. He criticized Mr. Mondale for the Iranian hostage crisis, suggested he was naive about the Sandinista revolution in Nicaragua, and said he had "failed to repudiate" the Reverend Jesse L. Jackson's sympathetic comments about President Fidel Castro of Cuba.

At a high school in nearby Rollingbrook, Mr. Reagan said "we're making every effort" to negotiate with the Soviet Union, and added: "What we inherited when we came here was an America that over the years had unilaterally disarmed. The administration before ours, they canceled the B-1 bomber. They said, 'No, we won't build it.' They failed to repudiate the Soviet Union in the terms of arms control or anything."

Mr. Reagan noted that the SALT-2 treaty had been signed but said, "All that was, was legitimizing a continuation of the arms race."

"Since that treaty was signed, they've added 3,800 more warheads to their arsenal, nuclear warheads," Mr. Reagan said. "And, incidentally, my opponent was the president of the United States Senate at the time, and a Democratic Senate under a Democratic administration refused to ratify that treaty for the reason I just gave."

Mr. Reagan repeated his long-held contention that the Soviet Union would negotiate arms reductions "if they see that the United States is willing to go as far as it has to go to see that they don't stay ahead of us in weapons — that we're as strong as they are."

Later, speaking at a college here, Mr. Reagan said: "After the hostages were taken in Iran, my opponent said it would be a temporary problem. Later, he called his administration's handling of the affair 'masterful.'"

Mr. Reagan did not elaborate, but aides said the quotation about Iran being a temporary problem occurred Dec. 12, 1979, a month after the American diplomats were seized.

On Nicaragua, the president said: "After the Sandinista revolution in Nicaragua, my opponent said the 'winds of democratic change' were stirring where they have been long stifled. That was right before the Sandinistas slaughtered the Miskito Indians, abused and deported church leaders, slaughtered the Holy Father and moved to kill freedom of speech."

Although the Sandinistas later turned away from democracy, Mr. Mondale's statement reflected a view widely held at the time in the United States that their revolution might lead to elections and be less repressive than the Somoza regime.

Among them, he said, were women, children and old people as well as standard guerrillas.

Calling the estimates on these enemy forces "vague and rubbery numbers," he said methods of counting them were "to say the least Byzantine."

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Calling the estimates on these enemy forces "vague and rubbery numbers," he said methods of counting them were "to say the least Byzantine."

Mr. Komer, who ran what Johnson called the "other war" in Vietnam to provide economic security in villages, said the numbers came from Vietnamese documents that were sometimes old or inflated. He said both "our Vietnamese" and the enemy inflated figures.

Earlier, Johnson's former special assistant on intelligence during this period, Walt W. Rostow, who Monday denied a CBS assertion that General Westmoreland brought "mostly good news" to Johnson at a crucial April 1967 meeting, acknowledged under cross-examination that there could have been other meetings between the general and the president.

For some in Vietnam in the pre-Tet era, Mr. Komer said, the problem in estimating troop strength occurred when analysts tried to assess "irregular" forces, which included groups called "self-defense" and "secret self-defense" troops.

At issue is whether General Westmoreland was misled in a 1967 CBS documentary, "The Uncommon Enemy: A Vietnam Deception," which accused the general of keeping higher troop strength figures from Johnson as part of an effort by the military command to maintain support for the war.

The program said Johnson relied on General Westmoreland's assurances in 1967 that the United States was winning the war and that the president, like the public, news organizations and Congress, was misled to learn that the Communists could mount the Tet offensive of January 1968.

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Walter Mondale, the Democratic presidential candidate, shared the stage Tuesday with his former rival for the nomination, Senator Gary Hart of Colorado, at Stanford University. It was Mr. Mondale's last major appearance before Sunday's debate with President Reagan.

Mondale Assails Reagan for Holding 'Naive and Primitive' Defense Views

By Jane Perlez
New York Times Service

STANFORD, California — Walter F. Mondale has sharply attacked President Ronald Reagan, assailing his "naive and primitive" notion of national strength for the past 30 years.

Mr. Mondale, replying to a charge by Mr. Reagan that he had been weak in his support of the military, suggested that President Reagan was so misguided that he had attacked every president since John F. Kennedy as being weak.

In a speech Tuesday at Stanford University, the Democratic presidential candidate posed a series of rhetorical questions to an enthusiastic audience of students that were designed to show that Mr. Reagan's presidential policies had not strengthened the position of the United States.

"Did it strengthen America to put Americans in Lebanon, in a vulnerable spot against the advice of the Joint Chiefs of Staff?" Mr. Mondale asked, as the students replied with a vigorous chorus of "No."

"Did it strengthen us to proclaim that American intelligence is weak — practically an open invitation to terrorists? Did it strengthen America to announce, as he did, that the United States was strategically inferior to the Soviets, when we are not?"

Mr. Mondale continued: "Does it strengthen us to have 25,000 more Soviet warheads aimed at us than four years ago? Does it strengthen us now that there are Soviet submarines along our coast that can make the White House in six minutes?"

Mr. Mondale said that Mr. Reagan wanted to deploy the MX missile, which he called a "sitting duck," and had spent \$25 billion on the B-1 bomber that the Russians had been learning for 15 years to shoot down.

"This is a record of profound confusion," Mr. Mondale said. Mr. Mondale recalled that President Reagan had termed President Kennedy "weak" for "not taking what he called the final step" in the Cuban missile crisis. Mr. Reagan had made the same criticism against Lyndon B. Johnson for not using atomic weapons in Vietnam, Mr. Mondale said.

Mr. Reagan also had criticized Gerald R. Ford and Henry A. Kissinger, he said, as "bowing and scraping" to the Soviet Union. And he had opposed Richard M. Nixon's calls for the ratification of the SALT-1 and defensive missile treaties.

Mr. Mondale said that his first debate with Mr. Reagan had "stripped away the illusion that Ronald Reagan is governing." A president, Mr. Mondale said, "must be in touch, a president must learn, he must listen, he must lead."

Mr. Mondale also accused Mr. Reagan of failing to master the essential facts of arms control, and recalled the observation of Mr. Reagan's first secretary of state, Alexander M. Haig Jr., that the White House was a "ghost ship."

"It may be 2:30 in the morning," Mr. Mondale observed. The president may be awakened "and asked to make, within a minute or two or three, the most fateful choice in human history. At a moment like that we have a right to demand a president who knows the crucial facts that he must know."

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Nicaragua Again Rejects Negotiations With Rebels

New York Times Service

MANAGUA — Nicaraguan leaders have rejected opposition suggestions that they follow the example set this week in El Salvador and agree to talk with anti-government rebels.

Several opposition political leaders, as well as the anti-Sandinista newspaper La Prensa, have used the occasion of the talks in El Salvador to renew demands that the government open talks with rebels.

But a front-page article in Tuesday's edition of Barricada, the official Sandinista newspaper, quoted the coordinator of the governing junta, Daniel Ortega Saavedra, as saying, "The two situations are totally different."

"The struggle of the Salvadoran people responds to a real, concrete situation of social injustice and exploitation," said Mr. Ortega, who is the Sandinista presidential candidate in elections scheduled for Nov. 4. "Nicaragua's situation is very different."

"The mercenary forces here exist only to the extent that the United States supports them," Mr. Ortega said. "When that support ends, they will disappear, because they have no social base."

Mr. Ortega said Tuesday that the United States planned to use Soviet weapons captured in Grenada in a plot that would give them a pretext to invade Nicaragua, Reuters reported.

Mr. Ortega said the weapons were being shipped to Costa Rica and would be given to Nicaraguan rebels there. He said the rebels, disgraced as Sandinistas, would then attack a Costa Rican border town to give the United States "its long-desired opportunity to intervene militarily in Nicaragua."

Managua to Shun Talks
Nicaragua refused to attend a meeting of Central American foreign ministers to discuss the Contadora regional peace treaty in a letter Tuesday to the Honduran Foreign Ministry, United Press International reported.

Knlikov Is Visiting Bulgaria
The Associated Press
VIENNA — Marshal Viktor G. Knlikov of the Soviet Union, commander-in-chief of the Warsaw Pact armed forces, arrived Wednesday in Sofia to attend a regular session of the pact's military council, the Bulgarian state-run BTA press agency reported.

Knlikov is visiting Bulgaria to discuss the pact's military council, the Bulgarian state-run BTA press agency reported.

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Rocket Expert Leaves U.S., Accused as War Criminal

The Associated Press

WASHINGTON — Arthur L.H. Rudolph, who designed the rocket that first took American astronauts to the moon, renounced his U.S. citizenship and left the country under pressure from the Justice Department when confronted with evidence that he was a war criminal, it was announced Wednesday.

Neal M. Sher, head of the Justice Department's Office of Special Investigations, which tracks down Nazi war criminals in the United States, said Mr. Rudolph "literally worked thousands of slave laborers to death" in the building of V-2 rockets for the Nazis.

Mr. Rudolph, now 78, left in March for West Germany, according to Mr. Sher, and in May he formally renounced his U.S. citizenship. The Justice Department said this was not made public until the State Department finished the paperwork on the case.

Mr. Rudolph, who was among 119 German rocket experts brought to the United States with Dr. Werner von Braun after World War II, ultimately supervised the planning, design, production and testing of the Saturn-5 rocket that carried Apollo-11 to the moon in 1969.

Mr. Sher said there was evidence that Mr. Rudolph, while supervising V-2 missile production from 1943 to 1945, had participated in the persecution of slave laborers.

"The conditions were utterly outrageous, gruesome, grotesque," Mr. Sher said. He said that even Albert Speer, a top Nazi official, in his memoirs called the conditions barbarous.

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18-10-84

Abortion Now a Bitter Political and Social Issue

By John Herbers
New York Times Service

WASHINGTON — The issue of abortion has become so prominent in this year's presidential campaign that many people on both sides of the question believe that it will not go away whatever the outcome of the election and that the resulting conflict could be bitterly disruptive.

Members of the so-called right-to-life movement have compared the issue to slavery in the last century and to racial discrimination in the South before the enactment of U.S. civil rights laws in the 1960s.

Their opponents compare it to the drive early in this century that led to the Prohibition amendment

to the U.S. Constitution, which after a period of strife was repealed. Whatever the comparisons, they contain forebodings of social division.

In the past, most seekers and holders of public office have tried to avoid the abortion debate as a difficult and sensitive one that

Issues '84

This is another in an occasional series about issues facing Americans during the election campaign.

could be politically damaging no matter what position they took. And in the decade after the U.S. Supreme Court overturned state laws against abortion, the issue was only a marginal concern in presidential campaigns.

This year, it has been at the center of the controversy over religion in politics. The question was argued at length in the presidential and vice presidential debates last week.

President Ronald Reagan, who supports a constitutional amendment that would ban abortions, came close to calling abortion murder. Asked if he considered it that, he replied that under a California law a person who physically abuses

a pregnant woman to the extent that it causes the death of the fetus can be charged with murder.

"Now isn't it strange," he continued, "that the same woman could have taken the life of her unborn child and it was abortion and not murder, but if somebody else does it, that's murder?"

Vice President George Bush, asked to explain how he changed his former position in favor of using public funds for abortions in the event of incest or rape, said: "There has been, I have to make a confession, an evolution in my position. There's been 15 million abortions since 1973, and I don't take that lightly."

Walter F. Mondale and Geraldine A. Ferraro, the Democratic nominees, said, as they have in the past, that abortion is a private matter and they do not want the government intruding in the private lives of citizens.

Ms. Ferraro said that as a "devout Catholic" she has fully accepted her church's position on the issue for herself, but as a public official could not impose it on others.

Mr. Mondale, connecting the abortion issue to that of religion in politics, asked, "Does every woman in America have to present herself before some judge picked by Jerry Falwell to clear her personal judgment?" He was alluding to a section in the Republican Party platform that calls for "the appointment of judges at all levels who respect traditional family values and the sanctity of innocent human life."

Mr. Falwell, leader of the Moral Majority, has said that section should assure the religious right of at least two Supreme Court justices to a second Reagan term.

The right-to-life movement is an intense, dedicated minority. Many of its leaders have accused the justices of the Supreme Court, and those public officials who oppose a legal ban on abortions, of murder.

Some Roman Catholic and fundamentalist Protestant clergy complain of the lack of a strong voice in the middle that would condemn on moral grounds the widespread use of abortion as a birth control device. The mainline Protestant churches generally oppose at abortion but consider it a matter of personal choice, and have preferred to pursue such social issues as poverty and nuclear arms control.

The results has been an anti-abortion crusade that has defeated candidates at various levels of government but has been unable to command the majority needed to enact either a constitutional amendment or a law that would overturn the Supreme Court's 1973 ruling.

United in purpose but divided on means, the movement was increasingly frustrated until this year. What has brought the issue to the national level has been Mr. Reagan's statements of sympathy with the beliefs of the religious right, which has anti-abortion as a major goal, and the decision of John J. O'Connor, the archbishop of New York, and Bernard F. Law, the archbishop of Boston, to elevate the issue above other social concerns.

In the past, the movement was largely secular but with roots in the churches. Now it is directly connected with religious denominations.

In view of the resurgence of religious conservatives in politics, the issue is expected to continue boiling under any administration.

Georges Thill, 86, a French Tenor Who Specialized in Wagner, Is Dead

United Press International

DRAGUIN, France — Georges Thill, 86, France's most renowned tenor of the 1920s and 1930s, has died at his home in southeastern France.

Mr. Thill, who was considered the finest operatic tenor of his time for his even voice and perfect articulation, left the stage in 1953 and lived in retirement in the Var region.

A native of Paris, he began singing with the Paris Opera in 1924. During his career, Mr. Thill interpreted more than 50 major roles, specializing in Wagner, in Milan, London and New York.

France Andreiev, 38, Ready-to-Wear Designer

PARIS (AP) — France Andreiev, 38, a designer of ready-to-wear

clothes, died of a heart attack in her workshop Oct. 6, her office has announced.

Miss Andreiev was known for her mixtures of heavy cottons, silks and wool blends. She was born in Belgium, where she trained in fashion, and came to Paris eight years ago.

2 Killed as Swiss Jets Collide

The Associated Press

BERN — Two British-built Swiss Air Force Hunter fighter planes collided Wednesday during a training flight killing both pilots, the Defense Ministry announced. Two women in the Girsens village of Rheazens were injured by the wreckage, according to the Swiss Air Rescue Service.

DOONESBURY



Kennedy Draws Big Crowds on Stump

Senator Is Effective Surrogate for Democratic Candidates

By Paul Taylor
Washington Post Service

HARLINGEN, Texas — In the closing weeks of the presidential campaign, Senator Edward M. Kennedy is serving as one of the Democratic Party's most effective surrogates for the presidential candidates.

No one draws such big crowds on his own, but Kennedy's Democratic fight songs with more relish or brings better credentials to the task of stirring partisan resentment to President Ronald Reagan's habit of quoting Democratic presidents such as Kennedy, Truman and Roosevelt.

As he campaigns for the ticket of Walter F. Mondale and Geraldine A. Ferraro, Senator Kennedy has assumed the role of gatekeeper of his brother's legacy.

"I'll travel across the country in this campaign to say that Ronald Wilson Reagan has no right to quote John Fitzgerald Kennedy," he roared to a Mexican-American audience of more than 1,500.

The rousing declaration drew a standing ovation here in the Rio Grande valley and at stops in Houston, San Antonio and Austin during a three-day Texas swing last week. By Nov. 6, Senator Kennedy will have carried the same message to 20 states.

"As I remember, and I do, Ronald Reagan was a Democrat for Nixon in 1960," Senator Kennedy said. "So I have a simple question: Why Reagan doesn't quote Nixon now?"

In his performance on the stump, the Massachusetts senator invites comparisons to a championship boxer working a few exhibition rounds.

He is thick around the middle, his face is a bit blotchy and his timing is sometimes off, but he is loose and hammy, and the crowd loves it.

He goes after Mr. Reagan with a needle rather than a hatchet.



Senator Edward M. Kennedy

"Maybe the president finds it so easy to flip-flop because he finds it so hard to remember," the senator says in his standard stump speech.

That remark is as close as he gets to raising the issue of age and mental acuity after the president's performance, widely viewed as faltering, in the first televised debate.

The rule of thumb in presidential races is that surrogates do the cutting and slashing, but Senator Kennedy said he has "no intention" of becoming more direct in his attacks on the president's competence.

In addition to lobbying familiar Democratic broadsides against Mr. Reagan on Social Security, fairness, education and arms control, Senator Kennedy takes a few

3 Dead in Polish Train Crash

WARSAW (AP) — A crowded passenger train rammed into the rear of a stationary freight train Wednesday at a station in southern Poland, killing at least three people and injuring more than 70 others, officials said.

CAMPAIGN BRIEFS

Mondale Is Passing Up Alfred E. Smith Dinner

NEW YORK (AP) — The Democratic ticket will not be represented at Thursday's Alfred E. Smith Dinner because its presidential candidate, Walter F. Mondale, canceled his appearance and his running mate, Geraldine A. Ferraro, was rejected as a replacement.

The archdiocese of New York said President Ronald Reagan was still scheduled to attend the annual dinner sponsored by the Smith Foundation. Mr. Smith was a governor of New York and the 1928 Democratic presidential candidate.

In a letter Tuesday, Mr. Mondale said he was canceling his appearance because he wanted to prepare for Sunday's debate with Mr. Reagan.

Mr. Mondale's campaign proposed Ms. Ferraro as a replacement, but the foundation's directors voted not to accept her. They cited a policy of having only presidential candidates on its dais in election years.

Helmut Schmidt Says

He Prefers Gerald Ford

CLEVELAND (UPI) — So disappointed are Helmut Schmidt and his countrymen in the U.S. presidential campaign that, given a choice, the former West German chancellor says he would cast his vote for Gerald R. Ford.

"It is with some disappointment that we Germans watch your presidential election campaigns because these global problems don't get much attention from either side," Mr. Schmidt told the Council on Human Relations on Tuesday.

For the Record

A Los Angeles Times Poll shows the Reagan-Bush ticket leading Mondale-Ferraro 53 percent to 42 percent in California, compared with a 57 percent to 38 percent margin nationwide. (LAT)

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THE GIN OF ENGLAND

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KEYNOTE ADDRESS:
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Peter Rees, Chief Secretary to the Treasury, United Kingdom.
NEW TRENDS IN FOREIGN EXCHANGE MANAGEMENT.
Robert Anklam, Group Treasurer, Peugeot S.A.
FOREIGN EXCHANGE MANAGEMENT IN A CAPITAL GOODS INDUSTRY.
Martin H. Kalk, Cash and Foreign Exchange Manager, Fokker B.V.
NETTING SYSTEMS IN A SERVICE BASED INTERNATIONAL
Michael Bryant, Treasurer, Hertz Europe Ltd.
Luncheon Address: THE OUTLOOK FOR THE GERMAN ECONOMY.
Otto Graf Lambsdorff, Member of Parliament, former Minister of Economics, West Germany.
BANK WRITTEN FOREIGN EXCHANGE OPTIONS.
Bruce Brittain, Vice President, Economics Department, Salomon Brothers Inc.,
Peter J. Wilkinson, Manager, Corporate Treasury Services, National Westminster Bank, plc.
THE USE OF CURRENCY AND INTEREST SWAPS AS A FINANCING TECHNIQUE.
Cyrus Ardakan, Chief of Financial Operations, The World Bank.
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NOVEMBER 27
POST-ELECTION OUTLOOK FOR THE U.S. ECONOMY.
Lawrence B. Krause, Senior Fellow, The Brookings Institution.
THE OUTLOOK FOR THE YEN.
IS IT FUNDAMENTALLY UNDERVALUED?
Tadashi Nakamoe, Chief Economist, Daiwa Europe Ltd.
THE COMMERCIAL PAPER MARKET - A CORPORATE USER'S VIEW.
Richard G. Lassen, Group Money Manager, B.A.T. Industries plc.
FOREIGN EXCHANGE AND THE MICROCOMPUTER REVOLUTION.
John A. Davison, V. P., Head International Cash Management, Europe, Middle-East and Africa, First National Bank of Chicago.
Leonard Goodman, Vice President International, Product Planning and Development, First National Bank of Chicago.
Luncheon Address: EUROPE AND THE DANGER OF SUSTAINED NON INFLATIONARY STAGNATION.
Willy De Clercq, Vice Prime Minister, Minister of Finance and Foreign Trade, Belgium.
THE USE OF TECHNICAL ANALYSIS FOR FORECASTING CURRENCIES.
Brian Marber, Brian Marber & Co.
THE OUTLOOK FOR THE MAJOR CURRENCIES.
Moderator: Terry J. Stone, F.C.A., Banking Industries Partner, Ernst & Whinney.
Wolfgang O.F. Engel, Vice President and Managing Director, Chemical International Finance and Consulting (Subsidiary of Chemical Bank New York).
David Morrison, Chief International Economist, Simon and Coates.

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Ngiva: Common Ground For Angola, S. Africa

By Jim Hoagland
Washington Post Service

NGIVA, Angola — The Reagan administration's hopes for a diplomatic success in a Marxist-led Angola, a country that does not even have relations with the United States, are stymied in this desolate village, about 25 miles short of success.

That is the distance from Ngiva to the frontier Angola shares with the South African-controlled territory of South-West Africa, or Namibia.

Stationed in the 25-mile (40-kilometer) deep zone are South African soldiers, part of an invasion force that swept 120 miles north of the border in December.

There has been edged back toward the border by U.S. diplomatic efforts, but it refuses to make a final withdrawal.

At Ngiva, which had 15,000 residents before the invasion, but which now counts only a few hundred persons living in the ruins of roofless and collapsed houses, the now familiar fate of a rural farming town caught up in a modern war can be seen in the devastated streets.

But the still incomplete withdrawal has created a byproduct that is as troubling as it is important in the spiral of insurgency, revolution and border warfare that has plagued southern Africa for more than two decades.

Instead of fighting each other, the military establishments of revolutionary Angola and white-ruled South Africa have been cooperating with each other for seven months to lower tensions on the ground.

Important differences and antagonisms remain, the most immediate one being the South African failure to meet the March 30 deadline originally agreed to in Lusaka, Zambia, for a complete withdrawal.

But there is a budding climate of confidence between the two countries that moderates within each government apparently would like to see flourish.

Moreover, fulfillment of the Lusaka agreement would bring a new measure of credibility to the laborious diplomatic efforts of State Department specialists to arrange a regional settlement in southern Africa.

American delivery of a complete South African withdrawal and a more moderate Angolan position would help stem attacks on the effort that have come from African radicals.

Both the lingering tensions and sense of accommodation can be felt on arrival at the small airstrip on the outskirts of Ngiva. As a Soviet-made Angolan Air Force transport bounces to a halt on the runway, two South African ar-

mored cars roll up and troops carrying automatic rifles jump out to survey the plane's passengers.

An Angolan officer who comes the visitors from Luanda, nearly 1,000 miles to the north, says that troops from the Angolan battalion stationed here do the same when aircraft arrive from South Africa. The arrangement is not covered by the disengagement agreement but has been worked out on the spot.

Six Angolan officers have joined an equal number of officers from South Africa in a formal mixed commission to police the Lusaka agreement. The fact that Angola has agreed to work side by side with representatives of the white-minority government suggests that the government of the Popular Movement for the Liberation of Angola in Luanda is putting pragmatism over ideology in this experiment.

The agreement requires the Angolan side of the commission to make sure that guerrilla forces belonging in the South-West Africa People's Organization do not use the territory the South Africans have evacuated to infiltrate into Namibia, the territory awarded to South Africa by the League of Nations under the name South-West Africa.

Angolan officials say that SWAPO has promised to abide by this part of the agreement. These officials add there have been no problems in enforcing this provision, and diplomatic observers confirm this assessment.

South African officials have indicated that concern about guarantees against future infiltration by SWAPO has caused the withdrawal to be halted in its final stages. But by informally calling attention to their preference for a continuing joint patrol along the border with withdrawal is complete, these officials seem to reflect a feeling that the present arrangement is working well.

Angola's chief of staff, Antonio Franco Ndalu, has ruled out a formal agreement for continuation of the joint commission after withdrawal.

But he said in Luanda that Angola was prepared to put forward proposals "that would build up confidence in the first month or two after the withdrawal is complete. There would be no need for the joint commission to continue in this form, but there might be something different worked out to patrol the frontier."

Under the agreement, Angola and South Africa each provide a battalion of about 1,000 soldiers to the commission for use in policing the attempted assassination of the pope, and Angola asserts that the "South Africans are keeping two battalions of its troops inside the zone south of Ngiva."



FOR SALE — An auctioneer displays a Bavarian army helmet from the 1,500-item collection of military relics owned by Konrad Kujan, the forger of the Hitler diaries. The collection is to be sold. Mr. Kujan is on trial in Hamburg with Gerd Heidemann, a former reporter for Stern magazine, which published the bogus diaries.

Ottawa Sees U.S. Ties Entering 'New Chapter'

New York Times Service

TORONTO — Joe Clark, the external affairs minister in Canada's new government, said after talks with U.S. Secretary of State George P. Shultz that the two countries were entering "a new chapter" in relations focused on removing the problems that have strained relations in recent years.

Despite the outward show of cordiality Tuesday, the two sides remained unable to make much progress on the most contentious issue between Canada and the United States — the problem of acid rain, caused by emissions from U.S. industrial plants that are believed to cause extensive damage in the U.S. Northeast and in Canada.

Mr. Shultz, faced with the latest Canadian complaints, said the United States was aware of the problem, but contended that more research was needed before "billions of dollars" are spent on new controls.

He pledged that there would be more frequent meetings of environmental officials from the two countries.

"You gave me a hard time on a lot of subjects, like acid rain," Mr. Shultz said at a news conference with Mr. Clark.

But Mr. Shultz did not seem irritated by the "hard time." And the main theme of the talks was not the lack of progress on the acid rain issue, but the effort by the Progressive Conservative government of Prime Minister Brian Mulroney to demonstrate to the United States that it is a good friend.

In recent years, there have been many stresses in relations caused by the more independent positions of the government of Prime Minister Elliott Trudeau on economic and foreign policy issues.

An aide to Mr. Clark said that when the external affairs minister referred to "the opening of a new chapter," he meant the new government was broadly based and would "remove obstacles to economic growth and world-strengthening Canadian-U.S. economic relations."

Arrest in Afghanistan: Soviet Intimidation Seen

By John Vinocur
New York Times Service

PARIS — The Soviet Union appears to be trying to intimidate journalists who report from inside Afghanistan through the arrest and probable trial of a reporter for a French state television network, a French official said.

The journalist, Jacques Abouchar, 35, was captured in Afghanistan last month. The French government has been told that he will probably stand trial in Kabul on charges of "illegally entering Afghanistan accompanied by an armed band."

The French official said it was clear that the Russians would seek to "maximize the benefits coming out of this operation."

[The French Communist Party announced that Afghanistan has consented to its request to allow French authorities to visit Mr. Abouchar, United Press International reported. The party said that on the personal request of the Communist Party leader, Georges Marchais, the Afghan government "has agreed to allow French officials to visit Abouchar and to deliver him mail from his family."

[Diplomats in Kabul were previously denied access to the imprisoned journalist despite repeated protests from the French government. The French party, closer to Moscow than any other West European Communist organization, made its petition to Kabul separately from the government.]

French officials' concern increased after a report by the official Afghan press agency that criticized France for "using the most ridiculous and irresponsible justifications to defend the crimes of an agent who has acknowledged undertaking espionage activities."

Mr. Abouchar, who is on the staff of Antenne 2, one of the three state television networks, was seized by a Soviet Army unit Sept. 17 while reporting on Afghan guerrillas who are fighting troops of the Kabul government and the Soviet occupation forces.

His detention has caused an outcry in France, with interventions by Prime Minister Laurent Fabius and Minister of External Relations Claude Cheysson, and subsequent Soviet attacks on them for participating in an "anti-Soviet campaign."

French officials and a group of journalists participating in a committee to secure Mr. Abouchar's release say they believe Moscow is using his case to try to intimidate journalists reporting on Afghanistan. Normally, it is impossible for Western reporters to secure visas to enter Afghanistan, and many have reported on the insurgents by joining them in crossing the frontier between Pakistan and Afghanistan.

Last week French newspapers quoted Vitaly S. Smirnov, the Soviet ambassador to Pakistan, as telling

ing two French reporters in Islamabad: "I warn you, and through you, all of your journalistic colleagues: Stop trying to penetrate Afghanistan with the so-called guerrillas. From now on, the bandits and the so-called journalists accompanying them will be killed. Our units in Afghanistan will help the Afghan forces" to do it.

A French official said Monday that he felt it was possible that the Soviet Union, which is estimated to have 120,000 troops in Afghanistan, would seek something in exchange for Mr. Abouchar's release.

The negotiating for the reporter's freedom is complicated by the fact that while he is in the hands of the Afghan government, the Soviet Union, which first announced his capture, is playing the dominant role in the case.

In a news conference broadcast last weekend by the Afghan radio, Mr. Abouchar said he was being treated correctly and denied participating in any kind of spying activity. He said, "If I entered Afghan territory illegally, I don't contest it."

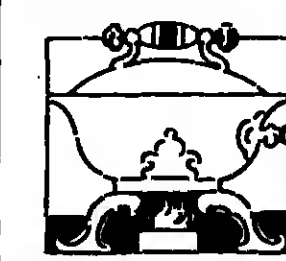
"I could well imagine," he said, "that from the moment I went in with this group, I'd be considered these people's accomplice, but I want to insist on the fact that I never said anything that would be set up for us in a military way. I am not an intelligence officer."

Yugoslav Leader in Ankara

Reuters

ANKARA — President Veselin Djuranovic of Yugoslavia arrived in Ankara Wednesday for a three-day state visit to Turkey which follows a new trade protocol between the two countries.

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HILTON INTERNATIONAL

"Where the world is at home"

Agca: Talking About the 'Bulgarian Connection'

(Continued from Page 1)

independent Solidarity trade union.

"The assassination is the work of the Soviets, who are deeply worried about developments in Poland," Mr. Celebi declared.

On July 22, 1981, Mr. Agca was convicted on the basis of his initial confession and sentenced to life imprisonment. For a brief period, the case appeared to be closed. But Mr. Agca's assertions that he had acted alone did not satisfy the presiding judge, Severino Santapichi.

Reasoning that the pope's would-be assassin was either a loner or mentally unbalanced, Mr. Santapichi issued a statement on Sept. 24 explaining his verdict.

Mr. Agca, he wrote, was merely the visible point of a "deep conspiracy... orchestrated by secret forces, carefully planned and directed down to the smallest detail."

Less than two months later, Judge Mario Martella was appointed to open a new investigation. Already well known in Italy as the magistrate responsible for uncovering a multimillion-dollar bribery scandal involving the U.S. aircraft company Lockheed, and Italian politicians, Mr. Martella had a reputation for honesty, a passion for detail and a marked dislike for personal publicity.

According to former Defense Minister Lello Lagorio, the first signs that Mr. Agca might be prepared to break his self-imposed silence came during a meeting with two Italian secret service agents in his cell at Ascoli Piceno prison on Dec. 29, 1981. This meeting has caused some controversy in Italy as it took place at a time when Mr. Agca was still subject to rigid isolation.

Suggestions in the Italian press that the agents might have tried to encourage him to give evidence against Bulgaria in return for a lighter prison sentence have, however, been ruled out in a report by the public prosecutor.

In any event, it was not until May 1982 — a year after his capture in St. Peter's Square and five months after his interview with the secret service agents — that Mr. Agca began to talk freely to Mr. Martella. At this stage, he did not directly implicate the Bulgarian secret service. Instead, during a week of continuous interrogation, he accused the "godfathers" of the Turkish mafia of having been behind the assassination attempt.

The two names he mentioned in particular were Abuzur Ugurlu and Bekir Celik.

Mr. Ugurlu, Mr. Agca said, had assisted in his escape from Turkey to Bulgaria and the provision of two false passports in the names of "Yoginder Singh" and "Faruk Ozgun." Mr. Celik's role had been to

offer, via a middleman who Mr. Agca refused to name, the sum of 3 million Deutsche marks (\$1.2 million) for shooting the pope.

Even though Mr. Agca still did not point the finger directly at Sofia, the possibility of a "Bulgarian connection" had already become the object of intense interest by the spring of 1982.

Parallel to Mr. Martella's investigation, another magistrate, Ferdinando Imposimato, had been pursuing a separate inquiry into reports of a Bulgarian spy ring in Rome involving an Italian trade union official, an extreme leftist terrorist and several members of the Bulgarian Embassy.

Acting on information supplied by the trade union official, Mr. Imposimato ordered the confiscation of passenger lists at the offices of the Bulgarian state airline Balkanair in April 1982. He also interrogated Mr. Agca.

Italian counterintelligence, meanwhile, was compiling a photo album of possible Bulgarian suspects. Mr. Lagorio, then defense minister, was later to tell Martella that this album was handed over to the magistrates in June 1982. It was made available to Mr. Imposimato and to Mr. Martella.

During the summer of 1982, allegations of a direct Bulgarian connection to the papal plot also began surfacing in the mass media.

The Italian Justice Ministry has turned down repeated requests by The Washington Post for information on the conditions in which Mr. Agca was held at Ascoli Piceno, one of Italy's most modern prisons, on the grounds of the need to preserve the secrecy of Mr. Martella's investigation. In particular, ministry officials have refused to say exactly when he was allowed access to the mass media.

The point could be relevant at a forthcoming trial in view of claims that Mr. Agca could have gotten at least some of the details about his alleged co-conspirators from the press. In an interview in Sofia, for example, Bekir Celik maintained that Mr. Agca had based accusations against him in May 1982 on a series of articles that had appeared in the Turkish press two months earlier.

Written by one of Turkey's foremost investigative journalists, Ugur Mumcu, the articles in the independent leftist daily Cumhuriyet described the involvement of Mr. Celik and Mr. Ugurlu in the smuggling of goods through Bulgaria. One article, on March 6, noted that Mr. Celik had been staying in Sofia at the same time as Mr. Agca and speculated that the two men might have met.

It is worth pausing here to examine the movements of the principal suspects in the case in the period

between May 1982, when Mr. Agca implicated the "godfathers" of the Turkish mafia whom he allegedly had met in Sofia, and his identification of three Bulgarian officials as his alleged accomplices in November.

Abuzur Ugurlu, named by Mr. Agca as the man who helped him escape to Bulgaria, was in prison in Turkey. He had surrendered to the Turkish martial law authorities in March 1981, two months before the attempted assassination of the pope, and was under investigation on smuggling charges.

Mr. Celik, meanwhile, was in West Germany between May and September, according to his passport. He now claims that he was well aware of Mr. Agca's allegations against him but did not take them seriously.

Referring to stamps in his passport, Mr. Celik says he spent October in Yugoslavia and Austria and traveled to Bulgaria on Oct. 24, two days before a formal warrant for his arrest was issued by Mr. Martella. He has since been placed under observation by the Bulgarian authorities, who have refused to allow him to leave the country.

The three Bulgarian officials who were to be named by Mr. Agca as his "controls" had stayed on in Rome for many months after the failure of the assassination attempt in May 1981. The first to leave was the assistant military attaché at the embassy, Major (now Lieutenant Colonel) Zhelev Vasilev, who left Italy on Aug. 27, 1982, which, according to him, marked the normal end of his tour of duty.

The embassy's administrative officer, Todor S. Avazov, left Italy on Nov. 5, 1982, on what he has depicted as a routine business trip to Sofia. His return flight back to Rome, he told Italian investigators, was booked for Nov. 26, but he canceled it at the last moment after hearing that he could be arrested.

Sergei I. Antonov, the deputy station manager of the Bulgarian state airline, Balkanair, had also remained on in Rome despite the fact that his own office had been searched by police in April 1982. Arrested in November 1982, he has been in detention in Italy for nearly two years.

All three Bulgarians later insisted that the fact that they had stayed in Italy despite ample opportunities to flee supported their argument that they were not involved with Mr. Agca.

By September 1982, the Bulgarian authorities were displaying clear signs of alarm at the direction the interlocking Italian investigations appeared to be taking and the talk of a Bulgarian connection to the papal plot.

In a statement Sept. 8, the Bulgarian news agency said Mr. Agca's

testimony "changes so often and is so controversial that we would not be surprised if one fine day, on someone's suggestion and for some promise, he even 'confesses' that the Bulgarians ordered him to kill the pope."

In a move interpreted by many Italian commentators as a kind of insurance policy against such a development, the Bulgarian police arrested two Italian tourists on flimsy spying charges. After being sentenced to long prison terms, the Italians were eventually released unconditionally in 1984.

Judge Martella spent the summer of 1982 laboriously following up all the clues contained in the confession of Mr. Agca the previous year. His opinion of Mr. Agca's credibility as a witness appears to have been strengthened when many of the details in his testimony checked out.

One of the new leads enabled the magistrates to track down a second-string Gray Wolf living in Switzerland, Omer Bagci, who had helped Mr. Agca during his wanderings around Western Europe. Picked up by Swiss police, Mr. Bagci consented to hiding the .380 pistol used in the shooting of the pope and delivering it to Mr. Agca at the Milan railroad station.

Mr. Agca's evidence also helped the West German police close in on Musa Serdar Celebi, the leader of the Frankfurt-based federation of Turkish rightists. Mr. Celebi was arrested in Frankfurt on Nov. 3, and eventually acknowledged that he had known Mr. Agca as "Mert." He was extradited to Italy the following January.

In the autumn of 1982, after a gap of almost six months, Mr. Agca started talking to Mr. Martella again. This time his allegations were even more sensational than they had been in May. The attempt on the pope's life, he told the Italian magistrate, had been carried out under the direct supervision of three Bulgarian agents in Rome.

According to the Italian Foreign Ministry, it was not until Nov. 11 that Judge Martella inquired about the legal and diplomatic status of Messrs. Avazov, Vasilev and Antonov as Bulgarian officials resident in Rome. Arrest warrants against the three Bulgarians were issued on Nov. 24.

At 9:30 A.M. on Nov. 25, Italian anti-terrorist police entered a nondescript five-story apartment building in Rome's Nomentana district. After a few moments, they emerged with Mr. Antonov, 34, in handcuffs. The arrest warrant accused him of having taken part directly in the attempted murder of Pope John Paul II in May 1981.

The Bulgarian connection had become official.

NEXT: Agca changes his testimony

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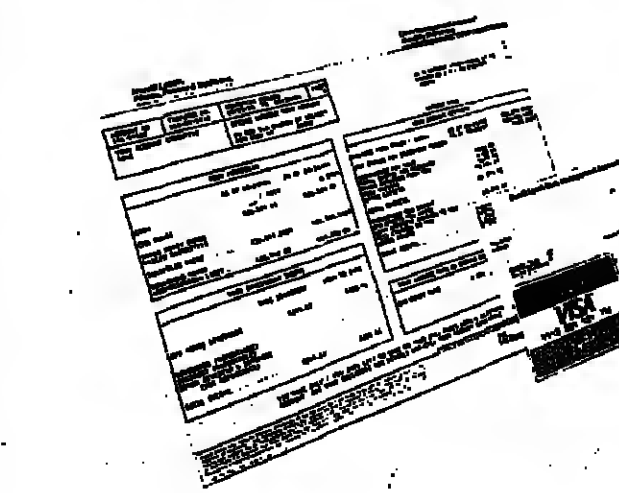
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CAMPAIGN BRIEFS

Mondale Is Passing Up Alfred E. Smith Dinner

NEW YORK (AP) — The Democratic ticket will not be represented at Thursday's Alfred E. Smith Dinner because its presidential candidate, Walter F. Mondale, has canceled his appearance and is running mate, Geraldine A. Ferraro, was rejected as a replacement.

The archdiocese of New York said President Ronald Reagan was still scheduled to attend the annual dinner sponsored by the Smith Foundation. Mr. Smith was a prominent New York and the 19th Democratic presidential candidate.

In a letter Tuesday, Mr. Mondale said he was canceling his appearance because he wanted to prepare for Sunday's debate with Mr. Reagan.

Mr. Mondale's campaign proposed Mr. Ferraro as a replacement but the foundation's directors voted not to accept her. They cited a policy of having only presidential candidates on its dais in election years.

Helmut Schmidt Says He Prefers Gerald Ford

CLEVELAND (UPI) — So far, appointed Helmut Schmidt and his countrymen in the U.S. presidential campaign that, given a choice, the former West German chancellor says he would cast his vote for Gerald R. Ford.

"I wish with some disappointment that we Germans watch your presidential election campaigns because these global problems don't get much attention from either side," Mr. Schmidt told the Council on Human Relations on Tuesday.

For the Record

A Los Angeles Times Poll shows the Reagan-Bush ticket leads Mondale-Ferraro 17 percent to 13 percent in California, compared with a 47 percent to 38 percent margin in the state.

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SCIENCE

IN BRIEF

Methane in Atmosphere Is Increasing

NEW YORK (Combined Dispatches) — Methane, which scientists believe may be contributing to a slow warming of the Earth's surface, has been increasing in the atmosphere at an annual rate of 1.1 percent since 1977, a team of researchers at the University of California at Irvine reports.

Carbon dioxide from the burning of fuels such as coal and gasoline is believed to be the principal substance that reflects heat back to the Earth, causing the so-called greenhouse effect. But, the researchers point out, methane is also a factor. The gas also plays a role in urban smog and the depletion of ozone in the atmosphere.

Methane is released into the atmosphere by grazing animals in their digestion of cellulose and by biological action under water in flooded rice paddies and swamps. Both of these have been increasing because of the need to feed the Earth's rapidly growing population.

In New Zealand, one scientist has suggested a way to use some of this excess methane. David Lowe told a conference in Wellington that the daily output of flatulence from a single sheep contains enough methane to power a small truck for 25 miles (40 kilometers).

The only problem, apparently, is harnessing it. (NYT, Reuters)

Moderate Drinking Held Fetal Risk

WASHINGTON (UPI) — The first large-scale study of its kind shows that even moderate drinking during pregnancy can affect the weight of a fetus, scientists have reported.

Women who had as few as one or two drinks a day in the first three months of pregnancy risked giving birth to low-weight infants, according to the study, done by the National Institute of Child Health and Human Development. There appeared to be only a slight risk with less than one drink a day, but because there are still too many other unresolved questions, the researchers advised women to avoid alcohol altogether during pregnancy.

Infants born at lower-than-normal weight are considered to have a greater risk for disease and death later in their lives. The researchers estimated that the study, which investigated 31,604 births, had not captured the effects of diet and had not differentiated among various alcoholic beverages.

Drugs for Epilepsy Found Effective

BOSTON (AP) — Most epilepsy victims can look forward to lives that are largely free of seizures, especially if their disease is brought under control within the first two years, a new study has found.

The five-and-a-half-year study, conducted at King's College Hospital in London, produced far more favorable results than other follow-ups of epilepsy patients. The researchers, writing in the New England Journal of Medicine, attributed this finding to having followed a more typical cross-section of epilepsy patients than had earlier studies.

All of the patients in the study took seizure medicines, either phenytoin or carbamazepine. After two years of treatment, it was found, about three-quarters of new epilepsy patients had been free of seizures for at least a year. During the entire follow-up, 82 percent of the patients had a two-year period in which they were completely seizure-free.

Syphilis in Newborns Rising in U. S.

CHICAGO (AP) — Syphilis cases among newborn infants in the United States jumped 38 percent from 1978 through 1982, even though proper prenatal treatment could have virtually eliminated the disease among newborns, researchers say.

In 1982, congenital syphilis afflicted 159 U.S. newborns, the researchers wrote in the Journal of the American Medical Association. Mothers of affected infants tended to be young and unmarried. Almost two-thirds had received no prenatal care, and the others had received substandard care, said the researchers, working for the National Centers for Disease Control in Atlanta.

Syphilis is passed from mother to fetus with almost 100-percent certainty if the mother's illness is in the early, infectious stages and goes untreated. Unlike other sexually transmitted diseases, however, syphilis in newborns can be prevented or can be effectively treated while the infant is still in the womb, said the research team.

By Lawrence K. Altman

New York Times Service

NEW YORK — This year's Nobel Prize in medicine honored the discovery of monoclonal antibodies, widely viewed as one of the most remarkable research achievements in recent years.

The practical applications of the discovery are already having a broad impact on most areas of medicine. As one of the winners, Dr. César Milstein, has said, they are "a windfall of basic research."

Monoclonal antibodies are units of the immune system tailored by scientists in the laboratory to seek specific cells in the body.

One important part of the windfall referred to by Dr. Milstein is an improved accuracy in diagnosing ailments in fields ranging from obstetrics to geriatrics. The new techniques have opened up fresh avenues of research into infertility, brain disorders and diabetes.

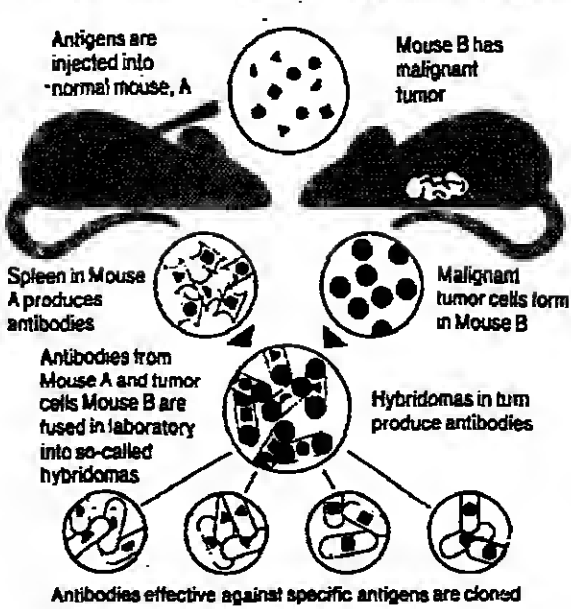
Another part of the windfall affects research in devising new treatments for such chronic and devastating diseases as cancer and leukemia. The techniques have allowed identification of so-called T cell subsets of lymphocytes, a form of white blood cell.

Also, monoclonal antibody techniques, by identifying T-4 lymphocytes as the cells destroyed in acquired immune deficiency syndrome, helped doctors recognize the first cases of AIDS in 1981.

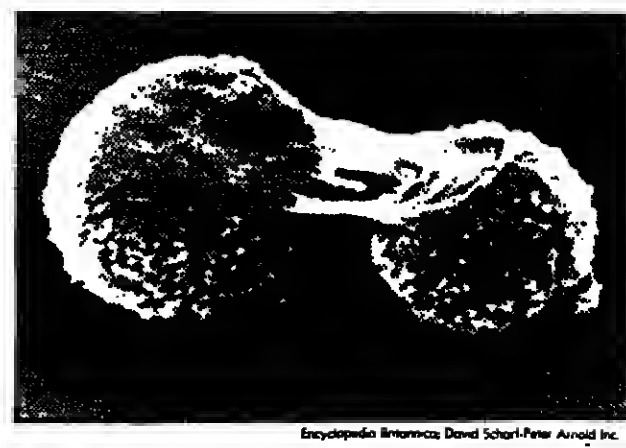
Moreover, monoclonal antibodies have solved the crucial problem of precise reproducibility in the preparation of reagents, the substances used in chemical reactions to measure and produce other substances. As a result, monoclonal antibodies are now used so often in diagnostic tests, therapy and other essentials of medicine that the new techniques will account for an estimated \$300 million in sales this year and an estimated \$2 billion by 1990.

The windfall has come from the novel technique that Dr. Milstein, of the British Medical Research Council's laboratory in Cambridge, and his co-workers, Dr. Georges J. F. Köhler, of the Basel Institute of Immunology in Switzerland, and Dr. Niels K. Jerne, professor emeritus at the Basel institute and formerly its director, developed in 1975. Through newer modifications, scientists can now make unlimited amounts of pure cloned antibody against almost any antigen. (Antibodies are the natural protective substances that the body forms to attack antigens, which are foreign substances such as microorganisms.)

Production of Monoclonal Antibodies



Cells in the process of being fused, below, are formed from antibody-producing spleen cells of normal Mouse A and cancer cells of Mouse B. Resulting hybrids produce antibodies that have many revolutionary medical uses.



Encyclopedia Britannica David Schmitt-Peter Arnold Inc.

The body forms a specific antibody against each antigen, and no one knows how many antibodies the body can make. There are "well over a million," Dr. Milstein has said.

The monoclonal antibodies are capable of distinguishing molecules with subtle chemical differences, such as the difference of just a single amino acid in the sequence of hundreds within a substance.

Because the monoclonal antibody technique allows scientists to make pure antibodies against any chosen antigen, Dr. Milstein has also said that "it is somewhat like selecting individual dishes out of a very elaborate menu: antibodies à la carte."

Doctors have used antibodies since the end of the last century, at first in the form of antitoxins such as in the prevention of diphtheria. But impurities in the production processes limited or precluded their widespread application.

Now, with the new techniques, scientists have come closer to a longtime goal of the "magic bullet" that Paul Ehrlich sought at the turn of the 20th century. Doctors have been trying to link drugs and toxins to monoclonal antibodies in the hope of hitting only the cells affected by cancer or other diseases while sparing healthy cells.

Although the development of monoclonal antibodies has revolutionized the field, the antibodies can still be tedious to prepare, and there are limitations to the technique because scientists sometimes

encounter technical problems in making them. Ironically, the commercial success of products derived from the basic research has led to increased competition between universities and industry for a researcher's time. The resulting conflicts have become a major issue in academic circles, because they have blurred the distinctions between industry and academia.

The following is a partial list of the uses of monoclonal antibodies cited by the Nobel Committee and in medical journals:

• Infectious diseases. Tests for hepatitis B and streptococcal infections have been improved, and doctors have been guided to more appropriate choices of antibiotics in treating specific conditions. Also, the techniques have led to the recognition of differences in viral strains that were not previously appreciated, and the resulting tests have made it easier in study of many infectious problems of interpretation, reproducibility and standardization, resulting partly from the unavoidable diversity of the antibodies detected by older tests, have always haunted virologists. Monoclonal antibody techniques have helped overcome many of these limitations. Further, the advances leading to the possibility of a malaria vaccine are dependent on monoclonal antibody techniques that also offer the hope for improvements in vaccines against other diseases.

• Cancer. A major limitation of anti-cancer therapies has been the lack of their specificity for cancer cells. Many drugs and radiation therapy have a narrow range between effectiveness and toxicity. Cancer researchers are now trying to harness drugs and toxins to monoclonal antibodies to produce much more potent weapons than are now available. At the same time, cancer researchers have been using these techniques to identify antigens specific in the surface of cancer cells, and thereby to develop tests to detect metastasis, the spread of tiny clumps of cells in the body beyond their original source. Such steps would help improve the accuracy of cancer diagnosis and treatment.

• Infertility. The cause of many cases of infertility is unknown, and doctors are exploring the role of the different antigens detected on the surface of sperm in the process of fertilization. Scientists have found four that are specific for the front and back sides of the head, the entire head and the tail of sperm.

• Endocrinology. Researchers have coupled monoclonal antibody techniques with other processes to identify hormones and the hormone receptor sites on the surface of cells. Such studies have advanced knowledge about thyroid disorders and have helped doctors understand that juvenile diabetes, also called Type I diabetes, may be a so-called autoimmune disorder.

• Autoimmune disorders. Lupus, rheumatoid arthritis and other autoimmune disorders may be caused by the production of antibodies that go awry and attack one's own body. Using monoclonal antibody techniques, anti-antibodies have successfully thwarted experimental autoimmune disease.

• Brain research. Monoclonal antibody techniques have helped scientists detect the different carbohydrates that are involved in the everyday fuel needs of brain cells and to show their important roles in cell-to-cell interactions. Such results have led to theories that some inherited brain disorders might also be due to a failure in the maturation of specific brain cells. Also, doctors have detected similar antigens in some brain tumors and cancers that develop in other areas of the body, such as the adrenal gland and blood cells. The similarity is

presumed to be due to a common origin during early development.

• Kidney disease. The cause of most kidney disorders is unknown. Scientists have developed monoclonal antibodies against specific anatomical components of the kidney in the hope that they will improve knowledge of the organ and the diseases that affect it.

• Allergies. Antibodies may produce allergic symptoms when a susceptible individual is exposed to pollen. The production of antibodies against pollen has been prevented in animal experiments by anti-antibodies.

• Organ transplantation. Improvement in tissue typing tests may lead to improved results in the transplanting of kidneys, hearts and other organs.

• Heart disease. Researchers are experimenting with monoclonal antibody techniques to try to preserve cells during a heart attack.

CAUTION is needed in limiting the expectations of the benefits derived from monoclonal antibody techniques.

The tests may be too specific, recognizing only a particular virus or subtype, when what may be required is an antibody reacting with all viruses of a group. It might be necessary to use a "cocktail" of several monoclonal antibodies reacting with different subtypes for diagnostic purposes.

Moreover, Dr. Nathaniel B. Brown of the University of California at Los Angeles has noted that it may be difficult to assess the safety and efficacy of monoclonal antibody products when they are coupled with drugs and toxins. Such combinations may be unpredictably dangerous, Dr. Brown has suggested, and thus "the specificity and safety of a monoclonal antibody product needs rigorous evaluation in every application" in medicine, he said.

Parasitic Diseases Target of Program

The Associated Press

CHICAGO — The MacArthur Foundation will contribute \$20 million to fight malaria-carrying mosquitoes, the African tsetse fly, hookworms and other organisms that are causing parasitic illnesses in three billion people, foundation officials announced.

"Diseases caused by parasites afflict more than half the world's people," Dr. Jonas Salk said in announcing the research program. Dr. Salk, best known for developing a polio vaccine, heads the foundation's health committee.

Twelve medical-research groups in five states and three foreign nations will participate in the program, which is expected to particularly benefit the Third World countries.

Parasitic diseases occur in all nations, but especially the tropical regions of Africa, Asia, India, Polynesia and Latin America.

Malaria is probably the best known of the parasitic diseases, but ascariasis, an intestinal obstruction that causes jaundice and death, is the most widespread, with one billion cases.



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For Peace in South Africa

By awarding this year's Nobel Peace Prize to Bishop Desmond Tutu, general secretary of the South African Council of Churches, the Norwegian Nobel Committee recognizes "the courage and heroism shown by black South Africans in their use of peaceful methods in the struggle against apartheid."

Like last year's award to Lech Walesa, this year's choice makes the point that peace is more than the absence of war between states; peace also depends on the quality of relations between governments and the governed. The Polish Communist regime fought Mr. Walesa and Solidarity with martial law. South Africa's ruling minority uses troops, truncheons and

banning orders to enforce its hateful system of racial inequality. Underscoring the implicit parallel between apartheid and communism, Pretoria's anti-Communist crusaders aped a classic Kremlin style and greeted the Nobel news as a non-event. Fortunately their monopoly over information is far from complete.

Bishop Tutu's prize honors the best in South Africa, black and white. It honors the tradition of peaceful struggle in the face of the ugliest provocation. It sustains the hope of change without chaos and bloodshed. A wiser South African government would embrace his cause. The present one makes it necessary.

—THE NEW YORK TIMES.

On a June day in 1982, outside a cathedral in the black township of Soweto, a huge white policeman beating an elderly black man with a stick suddenly found himself confronted by a small black man in clerical robes who held a cross aloft until the beating stopped. It was Bishop Desmond Tutu, performing, at high risk, the mission of mercy and justice for which he now receives the Nobel Peace Prize. Never has the honor gone to a worthier person than this 53-year-old Anglican bishop, perhaps the most widely accepted black critic of apartheid permitted to operate in his country today.

Two qualities distinguish Bishop Tutu. The first is the purity and force of the moral passion he directs at South Africa's system of legalized racism. The second is his deep commitment to nonviolence. So outrageous and total is apartheid's assault on human dignity that it is always a marvel to Westerners that there are any blacks left in South Africa with the magnanimity and patience to support peaceful change. Bishop Tutu is one. He has a vision of a society in which individuals, equal already in God's eyes, become equal as well in the eyes of the law. He accepts "that things may come to a pass that people feel compelled to resist them violently. My purpose is to try to keep that to a minimum."

While millions of South African blacks will probably find in this Nobel award encouragement for the cause of racial equality, many whites, especially Afrikaners, will see it as one more intervention by a hostile outside world. It is too bad that their inability to understand is so rock hard and so deep. For surely this is a moment when a wise South African leader would respond in another way. President P.W. Botha portrays himself as a reformer, but his new constitution utterly ignores blacks and drew minimal Asian and "colored" support. At his inauguration last month he held open, in his magnificently bedecked fashion, the possibility at least of political consultations with blacks. Bishop Tutu is a fit interlocutor—proven, everywhere respected and justly so.

President Botha can easily denounce the bishop and his Nobel prize. How much better it would be for all South Africans, not least whites, if he could bring himself to speak of the bishop and his prize in a way that indicated some understanding of the moral fervor of the man and of the torment that the policy of apartheid brings not only to South African blacks but to people everywhere. That torment and Desmond Tutu's fervor to end it are what the award of the Nobel prize is all about.

—THE WASHINGTON POST.

The Promise of La Palma

Words tell a lot about the mood in El Salvador now that President Duarte has met leftist guerrillas in La Palma. Suddenly, insurgents who had been "terrorists" in official broadcasts were "the ones who had taken up arms." As politely, the rebel radio dropped references to "the puppet Duarte" and spoke of the "regime of Jose Napoleón Duarte."

Bitterer words, and deeds, will have to be swallowed before these adversaries can end a civil war that has claimed 50,000 lives in five years. But just possibly the actors will become captives of the hopes they have aroused by promising to "humanize" the conflict through a peace commission and a second meeting in late November. Something very like that happened after Egypt's President Anwar Sadat flew to Jerusalem to acknowledge the existence and humanity of Israel. All such parallels are treacherous, but there is a touch of Sadat in the boldness of Mr. Duarte's leap.

Mr. Duarte's invitation to the guerrillas was his own idea, according to Thomas Pickering, the U.S. ambassador in San Salvador. Taken by surprise, Mr. Duarte's U.S. partners are clambering aboard the peace convey. President Reagan calls the talks "momentous." The State Department decries vindication for its promotion of the peace elections that Mr. Duarte won. If these negotiations prove successful there is vindication enough for all U.S. factions: the administration for its persistent effort to bolster the San Salvador government, and its critics for insisting that the aid be conditioned on taming the death squads and curbing coup-minded rightists.

That Mr. Duarte's timing was right seems to be confirmed by the minimal quibbling in

arranging the meeting at a week's notice. All concerned had ample chance to seize pretexts to stay away, but all came except a guerrilla commander who blamed logistics, not politics. Now they face competing ideas for letting elections resolve a military conflict that neither side seems strong enough to win soon.

The rebels have insisted all along that their price for participation is a share of power in an interim regime. That demand has been repeatedly rejected by Mr. Duarte, who wants the opposition to lay down arms and take its chances in next year's local elections. There may just be room between these positions for a bargain that would give the left a voice in an electoral commission with some security powers to assure a peaceful plebiscite.

There is nothing hypothetical about the left's obsession with security. The death squads, although in abeyance, are still intact. And as El Salvador's first elected civilian president in five decades, Mr. Duarte still rules by military suffrage. Human rights abuses have abated, but the suspicious killing of civilians in military operations continues.

It was with an eye to these realities that Mr. Duarte chose the date for his rendezvous in La Palma. Monday was the fifth anniversary of the coup led by reformist officers against a despotic military dictatorship. But within months a military backlash promoted by the hard right ended the experiment and ignited the civil war. The promise of change in 1979 was aborted by repression and the rise of the insurgency. El Salvador's friends now need above all to protect this new promise against the inevitable reaction from both extremes.

—THE NEW YORK TIMES.

Other Opinion

South Africans on Bishop Tutu

His fearless courage and his public statements, which have often discomforted those whose consciences they disturb, have some times hidden a man of deep Christian conviction and humility who cries easily at the hurts of his people. [The Nobel Prize places him] among the great men of South African history.

From a communiqué issued by the South African Council of Churches.

Tutu stands for anything but peace. His actions seldom correspond to the image he likes to present. [The award is] one of the most amazing [in Nobel history].

—Beeld (Johannesburg).

If this had been a country like Nazi Germany, Bishop Tutu would not have been around

to carry on his campaign. But that is not something that would strike him. We fear that instead of being a shepherd of God's flock, he is going to be even more political cow.

—The Citizen (Johannesburg).

'Morality Is Very Important'

Apart from highlighting the Irish issue, it does not appear that the IRA has achieved any constructive results with its terrorist cause. Morality is very important to any political cause. In using such unscrupulous means, the IRA has forfeited whatever claim to legitimacy [it] might have had. If there is to be a solution to the Irish problem, it will have to come through negotiation and not senseless violence.

—The Straits Times (Singapore).

FROM OUR OCT. 18 PAGES, 75 AND 50 YEARS AGO

1909: Spaniard Is Mourned in Paris
PARIS — The demonstration in Paris [on Oct. 17] against the execution in Barcelona [on Oct. 17] of Francisco Ferrer, the radical leader, passed off without any serious breach of the public peace. It had been announced that its organizers guaranteed the maintenance of order and had established their own police to see that the procession should not approach the Spanish Embassy. The entire police was mobilized, and the Republican Guard, mounted and on foot, was on duty. The procession, which numbered about 30,000, marched along singing revolutionary songs and indulging in shouts hostile to the Spanish Government and King Alfonso. On arriving at the place de la Concorde it dispersed without disturbance.

1934: Monarchist Labels in Vienna
VIENNA — Possibilities of a Hapsburg restoration were convincingly refuted [on Oct. 17] when the police and Heimwehr men in uniform were mobilized to pick up little paper labels strewn about in the inner city. The paper slips were red and white, the Austrian colors, and carried the inscription: "Our motto is the Emperor's motto." As soon as they were discovered, forces were sent out in numbers to pick them up in a hurry before this new disease could infect the general public. Since the Nazis inaugurated propaganda by paper slips, which innocent-looking promenaders fell in the streets in the dark hours, all political groups have made use of this method. The monarchist slips were shown no mercy.

Tutu's Prize: Less Victory Than Warning

By Robert L. Rotberg

CAMBRIDGE, Massachusetts — Bishop Desmond Tutu's Nobel Peace Prize publicizes the predicament of South Africa's black majority. Denied political participation and citizenship in their own country, blacks yearn for the liberty that Bishop Tutu champions.

Polls show that South Africa's most popular black leader is Nelson Mandela, jailed since 1963 for his leadership of the African National Congress (now a guerrilla organization based outside the country), but Bishop Tutu has emerged in recent years as the country's most widely respected above-ground leader.

A slight, owlish man with a ready smile and quick wit, Bishop Tutu was the Anglican dean of Johannesburg and later bishop of Lesotho before he became general secretary of the South African Council of Churches. The council is the country's main ecumenical body, representing 12 million churchgoers, of whom 88 percent are black.

For several years the government, angered by his opposition, has refused to grant him a passport. In the past two years he has been permitted to travel frequently to Europe and the United States on temporary travel documents.

His message has become more vigorous as the white minority has continued to ignore the political aspirations of the black majority. Last month South Africa scrapped its 74-year-old British-style constitution in favor of a new system that provides limited political participation for "coloreds" and for Asians of Indian and Pakistani descent, but nothing for blacks. Bishop Tutu was among those who urged whites, "coloreds" and Asians to refuse to vote for the constitution and the delegates to the new parliament.

He has bitterly criticized the forced movement of black landholders from their ancestral villages to desolate government-designated "homelands." These overcrowded slinkholes of poverty represent only 13 percent of South Africa's land, yet the 22 million blacks are nearly 80 percent of the population.

There are 2.7 million "coloreds,"

800,000 Asians and only 4.6 million whites in South Africa. The black population is growing at a rate double that of whites. By the year 2000 there will be about 36 million blacks and only 5.3 million whites. About 75 percent of all blacks will live in the cities, whereas now only about half live in urban areas.

Bishop Tutu has pointed to that disparity and urged the white government to take heed. The reforms that he has demanded are more moderate than those demanded by the African National Congress. He is nevertheless regarded as a radical by supporters of the government.

Bishop Tutu's compassion and tirelessness are evident. For some time he has demanded that the government regard blacks as citizens; abolish the pass laws that greatly restrict blacks' mobility within South Africa, causing the arrest of

300,000 each year; lift controls on where blacks may live, and greatly increase the amount of money spent on their education.

He has warned the government that its failure to end apartheid and its continued denial of political and human rights would lead to riots. After the recent violence in black townships near Johannesburg, in which at least 80 persons died and several thousand were injured, he again urged the government to cease its commitment to a divided society.

The Nobel Prize serves to focus the beacon of world concern on South Africa's treatment of its majority, but Bishop Tutu knows that he must continue to try to shift the government toward a more realistic posture gradually. Realism is a hallmark of his message.

So is the courage that he has displayed in the face of hostility from

the government and individuals. The Nobel award will not shift his fundamental emphasis away from reconciliation in honor.

Nor will it alter the fundamental face of apartheid. The government has too much at stake: the survival of a white-run country. The Nobel Prize is not an indication that the struggle will now be altered or that a victory for Africa is at hand.

At the end of Allen Paton's 1947 novel "Cry, the Beloved Country" a black preacher says: "I have one great fear in my heart, that one day when they turn to loving they will find we are turned to hating." Bishop Tutu has the same fear. He is dedicated to persuading the government to begin the process of serious reform before it is too late.

The writer is a professor of political science at the Massachusetts Institute of Technology. He contributed this column to the Los Angeles Times.

'We Who Are Oppressed Will Be Free'

By Desmond Tutu

This excerpt is from a column by Bishop Tutu that appeared on this page on Oct. 7, 1981.

THE indisputable point is that we who are oppressed will be free. That is not in question. The logic of history, even African history, dictates that this is so. All that the whites can do is decide whether they want freedom to come reasonably, peacefully or through bloodshed and armed struggle. Those are the only options available.

[P.W.] Botha can play a decisive role by opting for a bold policy of change. Anything else will fail. He can never satisfy the right wing. So he should go all out to win the world black youth who openly flaunt the emblem of the outlawed African National Congress. He cannot control the militancy of black labor unions, which are going to be the power to watch. There will be more and more police harassment, beatings and detentions, but these will not deter those who are determined to become free.

Multinational corporations are not yet involved in the business of helping to destroy apartheid. They

have done some good things for their employees, but all within the framework of apartheid, and really no more than what a good employer should have been doing. Ultimately their efforts are improvements and not changes. They are making apartheid more comfortable rather than dismantling it.

The international community must make up its mind whether it wants a peaceful resolution of the South African crisis. If it does, then let it apply pressure — diplomatic, political, but above all economic — on the South African government to persuade it to go to the negotiating table with the authentic leaders of all sections of the South African population before it is too late.

Maybe it is too late, judging from the conduct of the Reagan administration. If so, then what [former Prime Minister John] Vorster called the alternative too ghastly to contemplate is upon us. But hope springs eternal.

The Washington Post.

The Trend Seems to Be Republican

By George F. Will

WASHINGTON — These have been days that caused tongues to click, lips to purse, brows to furrow and fists to clench in both parties. For at least one of President Reagan's most trusted confidants, there were signs of trouble even before the Louisville debate. This confidant thought it was out of character — undignified and unpresidential — for Mr. Reagan to refer to his opponent as "what's-his-name."

Since the Louisville debate, Republicans talk less about this being a "realignment" election. But they may be mistaken, at least in this sense: We may not be on the eve of a realigning election, we may be in the middle of a realigning era that no trivial event, such as a debate, can disrupt.

For Mr. Mondale these have been the most satisfying days of his long march. The debate was the first moment since January when his courtship of the electorate did not go unrewarded. Until then the more he campaigned the more "negatives" became attached to him in polls. That is a pattern changed after the debate. But not much else changed. The "270" — electoral votes, that is — is as intractable as ever.

In the aftermath of Mr. Mondale's debate performance it was almost possible for Democrats to dream of President Mondale. Did I say dream? It may have been a nightmare for Gary Hart and Mario Cuomo. Mr. Hart would have to run for re-election to the Senate in 1986. After you have been the lion of New Hampshire, the star of Super Tuesday and the toast of California, it is hell to go



back and beg for votes in Pagosa Springs, Colorado. And Mr. Cuomo would have to run for governor again. Albany has many charms, but . . .

(My hunch is that Mr. Cuomo will run again in any case. He will pledge to serve a full term, which is fine. But he will mean it. He, like me, has a picture of Thomas More on his wall. I, unlike Mr. Cuomo, have a flicker of sympathy for Henry VIII, who found More execrably stiff-necked.)

But the odds against a Mondale administration remain high, for reasons that have little to do with Walter Mondale personally and much to do with his being a Democrat. That is an imprudent thing to be in a Republican presidential era, which Horace Busby says this.

Mr. Busby, a Tory Democrat from Texas who served in Lyndon Johnson's White House, is now a Wash-

ington consultant who writes one of the town's most interesting newsletters, in part because his pocket calculator never sleeps. He reports that in 1980 some voter cast the billionth vote since 1856 for a presidential candidate of the Republican or Democratic parties. (More than half the billion have been cast since 1952.) In this, "the oldest continuous political competition in the world," the popular vote split has been amazingly even. During these 124 years every party has received more than 500 million votes: Republicans 51 percent, Democrats 49 percent.

Republicans lead in elections won, 19 to 13. And 54 percent of the electoral votes have gone to Republicans, 46 percent to Democrats. There have been eras of lopsided dominance. From 1860 to 1928 Republicans won 61 percent of the electoral votes.

From 1932 through 1948 Democrats had the strongest dominance yet recorded — 83 percent.

In the four elections beginning in 1968 Republicans have won 74 percent. The 1932-1948 Democratic dominance was really FDR's omelette show. In 1948 Harry Truman did not even get a majority of the popular vote. (Since 1944 no Northern liberal Democratic candidate for president has received a majority of the popular vote. The only two Democrats who have — Johnson in 1964 and Jimmy Carter, barely, in 1976 — were from states of the Confederacy.)

If Mr. Reagan wins this year and a Republican wins in 1988, Republicans will govern at least until 1992, establishing a 40-year dominance under four elected presidents.

Since 1920 seven of the 15 elections have been landslides, with the winner getting more than 400 electoral votes, as in 1980. But in the elections immediately after four of those seven, the party that had won the landslide was defeated (1932, 1960, 1968, 1976).

Therefore, Mr. Busby may see more inevitability than history will admit. In recent days a small event, the Louisville debate, has caused many people, including bored journalists hungry for a more stimulating story, to exaggerate the fluidity of American politics. So it is salutary to be reminded of the length and steadiness of the pendulum movements.

The electorate believes certain things, not capriciously, and the parties stand for certain things, not frivolously. These things, not 90-minute episodes, govern politics. And they make the electorate move more like maple syrup than mercury.

Men have often been living with the double messages of the age and of the women in their lives. They have been told to be strong but not dominating, to be vulnerable but not weak, to be caring but above all not a wimp. Most young men accept the need for trust and peacekeeping at home, but they may remain more suspicious than women of the hostility and toughness of the world "out there."

My sense is that these men are attracted by both the Mario Cuomo peacekeeping "family" man and by the Reagan swagger. Like women, they would rather not choose between images but include them all in some fanciful creature.

So at the bottom of this gender gap there is a distinct majority of young men who like the swagger. Many of the women they are likely to know and love and marry are uneasy with that posture. It makes me wonder what body language their generation will be able to share.

Washington Post Writers Group.

Is This Macho Gap the Male Backlash?

By Ellen Goodman

BOSTON — From the female side of the political gender gap we hear concerns about women's rights, the fairness issue and especially peace. From the male side we hear concerns about leadership, toughness, strength. Indeed, there are people ready to dub the gender gap with a new name: the macho gap.

What is most intriguing about the differences between male and female voting preferences is that they run strongest among the young. A New York Times-CBS News poll showed that among 18-to-29-year-olds, men prefer the Republican ticket by 57 percent to 30, while women prefer the Democratic ticket 46-41.

Any gap among young men and women is worth looking at. This is the mating age, when the motivation to find some meeting of the minds and lives is greatest. But if it is a macho gap that hinges on what has been called the "swagger" factor, it is particularly worth a stare.

Among the idealistic assumptions of the women's movement was the notion that as men and women led more similar lives they would have more in common. Another was that macho men would gradually become extinct, as its favorite sons retired gracefully from active duty.

Now we are told that young men are attracted specifically to the woodcutting, barbell-toting, horse-riding, Soviet-baiting, marine-landing idea of a president. And that these men are drawn to a mythic father figure, in the form of a man older than their own fathers. Is this some sort of reaction, the much-heralded backlash?

It is risky to generalize from a polling difference, but I have the sense that we are witnessing the political expression of private conflict. The pollsters have told us that young men generally agree with young

women on the issues, whether they are talking about the bomb or the deficit. What they disagree about is the image, the image of maleness.

Young women today are psychologically unfettered with briefcases and fancy underwear, with assorted outfits suitable for managing by day and loving by night — all changed on their own American Express card. Even the new Miss America, whose hobby is collecting soap, describes a career as part of her traditional values. Many women have dealt with ambivalence by simply incorporating all the old and new female images into one (often impossible) ideal.

Men have often been living with the double messages of the age and of the women in their lives. They have been told to be strong but not dominating, to be vulnerable but not weak, to be caring but above all not a wimp. Most young men accept the need for trust and peacekeeping at home, but they may remain more suspicious than women of the hostility and toughness of the world "out there."

My sense is that these men are attracted by both the Mario Cuomo peacekeeping "family" man and by the Reagan swagger. Like women, they would rather not choose between images but include them all in some fanciful creature.

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Washington Post Writers Group.



Chiefs Pass, The Mogul Remains

By Kai Bird

and Max Holland

This is the second of two articles.

WASHINGTON — No one knows the real wealth of Egypt's Osman Ahmed Osman. His nephew, Ismail Osman, says the company his uncle founded are worth up to \$1.6 billion but that the elder Osman "does not control anything himself directly." Observers outside the family believe that his assets and control are considerable.

At the heart of the family empire is Arab Contractors Company, which employs more than 60,000 people. Osman-owned companies in banking, insurance, food processing and real estate employ another 40,000.

Nasser "nationalized" Mr. Osman's domestic operations but allowed him to retain the foreign operations of Arab Contractors. In the 1960s the company's contracts in Saudi Arabia, Kuwait, Jordan, Libya and Iraq became extremely lucrative.

When Sadat succeeded Nasser in 1970 he turned to Mr. Osman, who became a friend and companion. Later a son of Mr. Osman was married to Sadat's 14-year-old daughter. In 1974 Mr. Osman was appointed minister of reconstruction and housing.

Arab Contractors flourished under Sadat's *infitah* (opening) economic policies. As a cabinet minister Mr. Osman canceled a statute that prohibited any single private firm from receiving more than \$100,000 in government contracts annually.

By 1976 Mr. Osman was meeting opposition in the National Assembly. The cabinet proposed that a tariff exemption be withdrawn. Mr. Osman fought to oust Mr. Osman from the cabinet. Ismail Osman denies that Mr. Osman was out — or so it seemed. In retrospect, Mr. Osman seems only to have adopted a lower profile. As his closest adviser, Mr. Osman accompanied Sadat to Jerusalem in 1977.

Milad Hanna, an engineer and one of 1,500 writers, intellectuals and technocrats arrested by Sadat in 1981, believes the only reason he and several members of the National Assembly were arrested was their role in seeking to oust Mr. Osman from the cabinet. Ismail Osman denies that.

Mr. Osman has adapted. He has close ties to the Moslem Brotherhood. Last year he married his second son to the daughter of Abdel Aziz Loukma, a prominent leader of the Brotherhood who was imprisoned for years by Nasser.

Egypt is dependent on Mr. Osman and others like him. Employees of Arab Contractors are the highest paid in the country. In a society notorious for bureaucracy and fatness, his workers achieve their goals. They have long worked on an incentive basis, Ismail Osman explains. "If our estimate was \$1 million and the employees can do it for \$900,000, the get to divide among themselves a percentage of the savings."

Mr. Osman is associated with Egypt's return to a market economy — a development heartily endorsed by the U.S. government and the IMF.

Third World capitalism can differ from that of modern industrial societies. Institutions to check excesses are weak or nonexistent. The business mores of huge enterprises tend to be those of the small towns and villages from which the new generation of tycoons have only recently sprung. What is seen as influence peddling, corruption and ruthlessness in the West is often regarded differently in the Third World.

Many of the modern tycoons must share the blame for their country's economic and political difficulties. This was true of Iran under the shah and it is true now in Egypt.

A classified U.S. State Department cable, written on the eve of the Iranian revolution, suggests the dilemma. "Just as there was little incentive in the United States to do something about the 19th-century robber baron while the popular myth that anyone could become a robber baron in currency, most Iranians, hardly immune to the lure of a fast rail, were for long undisturbed by the question of fortunes that were being made around them. . . . Many Iranians took a kind of chauvinistic pride in their countrymen's ability to get rich overnight."

Still, in a society with as few economic success stories as Egypt, tycoons like Mr. Osman are a target of the disgruntled — small businessmen, intellectuals, Moslem fundamentalists and the man on the street.

Third World societies are fragile. Institutions are less developed; the gap between rich and poor is greater; the social problems are more complex. In such a situation, the possibility exists that revolution, not evolution, will ultimately be society's response to excess.

The writers, who co-authored a column on international affairs for The Nation, contributed this column to The Washington Post.

LETTERS TO THE EDITOR

Germans and History

Regarding "Yes, West German Wants German Unity" (Oct. 13) by Minister of State Alois Mertes:

Mr. Mertes may speak for the generation approaching the grave, but younger Germans could not care less about reunification. They have lived with the border that Hitler and his henchmen helped to create. They can go on living with it, just as they can live with Austria and Switzerland as separate states. Moreover, those among them who know history tend to fear efforts toward reunification.

KARL-AUGUST HENNICH, Baden-Baden, West Germany.

We Germans are by no means better than ordinary Americans, but millions of us are in a state of awaking,

fighting against military power, the deterrence doctrine and *Wendigkeit* — the expanding U.S.-Soviet arms race. We indeed fear the expected election victory of Mr. Reagan. Our own historical experience makes us fear the terrible effects of nationalism, irrationality and pseudo-religious mystification in politics.

JENS ROHWER, Lübeck, West Germany.

Letters intended for publication should be addressed "Letters to the Editor" and must contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

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A SPECIAL REPORT ON OIL AND ENERGY

Western Nations Have Achieved Energy Security

(Continued From Previous Page)

factor since the beginning of this decade. In 1979, when the Shah of Iran fell and the second price run-up began, the U.S. strategic reserve was only 91 million barrels. Today, it stands at 436 million barrels, which would compensate for more than two years of Gulf oil at the current level of import into the United States. But the U.S. reserves cannot be considered in a vacuum.

In the United States, the government actually takes title to the oil in its reserve. Other Western governments use different systems. Some establish minimum compulsory levels that must be held by private companies. Others have established government corporations to finance and manage energy reserves. West Germany requires refineries to hold certain levels of mandatory stocks. The Japanese government does both.

Altogether, the strategic reserves of the IEA nations total just under 600 million barrels. This, theoretically, would cover about 75 or 80 days of oil consumption if the entire Gulf flow was interrupted — or 190 days, if the 3.3 million barrels a day of surge capacity and the untapped 1.2 million barrels a day pipeline capacity were called into play.

The IEA agreement establishes an arrangement to share oil among its 21 countries in the event of a disruption. The IEA agreement can only be activated if the supply shortfall exceeds 7 percent.

The European Community has a similar policy for holding and using oil inventories in the event of a disruption. The IEA's 7-percent threshold would be met if the Strait of Hormuz was completely blocked and all alternative production outside the cost were brought on stream.

Until recently, governments were not prepared to release government controlled inventories in the event of less than 7 percent shortfall. The IEA has agreed through an informal process to consider the use of inventories and to coordinate stock policy in smaller disruptions. Whether the IEA systems would provide a real alternative to a disruption

REFINERY CAPACITY (Thousand Barrels A Day)			
	1973	1980	1983
United States.....	14,360	18,250	15,865
Western Europe.....	18,540	20,465	16,715
Japan	4,815	5,675	4,975

CRUDE CONSUMPTION (Thousand Barrels A Day)			
	1973	1979	1983
United States.....	16,870	17,910	14,705
Western Europe.....	15,155	15,000	12,190
Japan	5,460	5,485	4,360

is uncertain, and depends more than anything else on the political determination of governments and companies.

Still there are concerns about the strategic reserve. While the U.S. Administration has promised "early release" in the event of a crisis, the actual method of release has yet to be clarified — some methods of consideration could actually put upward pressure on the price. Secondly, there is a question about how quickly the oil would physically be released and introduced into the supply system. Thirdly, exclusive focus on the strategic reserves can obscure a very important change — the growth of government reserves has been more than matched by a decline in privately held stocks. Private companies, feeling the pressure of high carrying costs, have in effect surrendered the maintenance of security to governments.

The oil importers themselves are taking steps to enhance the security of the flow of oil. Iraq is building a network of pipelines that will enable it to

OIL INVENTORY POSITION: THE CUSHION (October 1984)		
	Millions of Barrels	Days Cover for A 3 mbd Shortfall
Companies' working inventories.....	300	100
Companies' mandatory reserves.....	250	80
Government-owned reserves.....	582	190
Saudi Arabia Strategic Petroleum Reserve.....	60	20
TOTAL	1,192	390

Source: Cambridge Energy Research Associates

THE GULF, PRODUCTION AND EXPORTS THIRD QUARTER 1984 (Millions Barrels A Day)		
	Production	Export (through The Strait of Hormuz)
Saudi Arabia	4.6	3.1
Iran	2.0	1.2
Iraq	1.2	0.8
Kuwait	0.9	1.1
U.A.E.	1.2	0.4
Qatar	0.4	0.4
Neutral Zone	0.4	0.4
TOTAL	10.7	7.8

Source: Cambridge Energy Research Associates

reduce dependence on transit through the Strait of Hormuz. Meanwhile, Saudi Arabia has created its own "Producers Strategic Petroleum Reserve" — an estimated 55 million to 65 million barrels of oil on tankers, in floating storage. This augments Saudi influence on the oil market in the event of a disruption. Not incidentally, it is also a very useful tool for the Saudis for managing price — and OPEC — under present market conditions.

Short-term expectations, inventory levels, the behavior of nondisrupted producers, the actions of consumer governments, long-term expectations for demand and military actions — these and other factors will determine the effect of a disruption, whether in the next few months or the next few years.

Based upon our research of the disruptions of 1978-79 and 1980 and current oil-market conditions, we see three possible oil market responses to a serious, protracted disruption:

• A market more cautious than in 1978-79, but less cavalier than 1980, with the temporary relief provided by the government-controlled inventories being sufficient to prevent market instability.

• An even more violent response than in 1978-79, if governments fail to release their stocks, and nondisrupted producers fail to bring in additional supplies and buyers of oil lose their nerve.

• A market in which the forces that fueled the previous disruptions are contained by the activation of the International Energy Agency's oil-sharing system.

In terms of security, the market conditions are much more favorable to consumers than they were in the 1970s. Moreover, oil companies and governments — and the public — have learned a great deal. There is justification for the confidence that another crisis can be managed better than those in the past. But this confidence has been bought at a high price.

Decline in World Oil Demand and Lack of New Fields Provoke Company Mergers

By John M. Berry

WASHINGTON — The wave of oil-company mergers that is changing the face of the industry in the United States is very likely far from over, according to industry executives and analysts.

A steady flow of rumors names "smaller" companies such as Phillips Petroleum Co. and Unocal, with 1983 revenues of \$15.2 billion and \$10.1 billion, respectively, as potential takeover targets.

There is even talk that T. Boone Pickens of Mesa Petroleum Co., whose company unsuccessfully sought control of Gulf Oil Corp. but walked away with an estimated profit of about \$300 million when Standard Oil of California acquired it — will make a run at Mobil Corp.

Phillips, the 16th-largest American industrial corporation both in terms of sales and stockholder equity, has itself been in an acquiring mood. Last month it reached an agreement to buy Aminal Inc., with its 273 million barrels of proved oil reserves, from R.J.

Reynolds Industries for \$1.7 billion.

While Phillips officials make a strong case that acquisition of Aminal will bolster its strategy to become a more efficient producer and marketer of petroleum products, industry observers believe the company also wants to become bigger quickly in order to make Phillips harder for any other company to swallow. Phillips promised earlier this year that it would fight any takeover "very aggressively."

Of course, sheer size is no guarantee of protection. The \$13.2-billion acquisition of Gulf by Socon, now officially renamed Chevron Corp., proved that Gulf's sales of \$26.6 billion in 1983 were not even \$1 billion lower than those of Chevron.

The enlarged Chevron, even after spinning off some Gulf assets as required by federal antitrust rulings, may end up as the nation's fourth-largest industrial company, behind only Exxon, General Motors and Mobil. Its challenger for fourth place will be Texaco, which had sales of \$40.1 billion last year,

and has acquired Getty Oil Co. and its \$11.8 billion worth of sales. Texaco, too, must sell off some assets to meet antitrust concerns.

Industry executives and analysts say there are two primary reasons for the wave of mergers:

First, the U.S. and, indeed, the worldwide market for petroleum products will grow only modestly in coming decades. In this mature industry, profitable companies are going to be those that are the most efficient. In several instances, mergers have been attempted or completed because the bidder believed combining operations made sense in terms of efficiency.

Second, the likelihood of discovering giant new oil and gas fields, particularly in the United States, is diminishing rapidly. Small new discoveries are made all the time, but the big ones are few and far between. Moreover, there are fewer and fewer unexplored basins that even potentially could hold a giant, and they are located in places, such as offshore Alaska that are enormously expensive to explore. As a result, the aggressive oil companies

have been acquiring added reserves directly, and often at a price per barrel lower than the likely cost of doing so through exploration efforts.

A look at the \$10-billion Texaco acquisition of Getty illustrates both these points, according to company spokesmen. "We feel we are a stronger, better company as a result of acquisition of Getty's reserves, particularly in this country; this is the most politically secure environment and the number one market for petroleum products," the spokesman said.

Texaco has been plagued for several years by declining reserves, including a write-down of the amount of reserves in proved fields. The acquisition of Getty nearly doubled Texaco's worldwide reserve of oil and natural-gas liquids and more than doubled them in the United States.

Meanwhile, looking at the flat prospects for demand for refined products dropped, especially for gasoline, Texaco — like many other major oil companies — has continued earlier plans to rationalize its

operations. It has announced that it is closing permanently half the capacity of its large 400,000-barrel-per-day refinery at Port Arthur, Texas.

The latest Texaco moves are a continuation of a pullback that began several years ago. It once marketed gasoline in all 50 states, but it had pulled out of eight entirely and largely from another 11 North Central states, at least as far as retail marketing of gasoline was concerned.

Texaco is selling the Getty retail service stations in the Northeast, where Texaco still markets its own brand, and a Texaco refinery in New Jersey as a result of the antitrust concerns. But it will keep and operate a Getty refinery in Kansas, which efficiently supplies products to some 15 states in the North Central area, many of which Texaco had abandoned.

"We could not compete there" given Texaco's refinery locations and distribution network, the spokesman said. "Now we can."

Texaco has made a similar set of decisions concerning its European operations. Chevron and Gulf are pulling out and Texaco is expanding. "We either had to get out or get a bigger share of the market and become more efficient. We are spending a lot of money on our refineries and that will give us the ability to really compete," the executive said.

At the same time, Texaco is looking hard at how many employees it needs. John K. McKinley, Texaco's chairman, said recently that nearly 15,000 of its nearly 75,000 employees will be gone by early next year. Some will go as a result of spinning off Getty assets, but most will simply go. Half of Chevron's 900 workers in Europe will be laid off, as will about 7,000 of the 54,000 Texaco had on its payrolls before the Getty acquisition.

In the end, Texaco will probably increase its sales by about \$10 billion while adding a net of only about 6,000 employees.

Phillips Oil, based in Bartlesville, Oklahoma, has no plans to expand the geographic area in which it markets products, said its executive vice president, Glenn Cox, but it wants to do so more efficiently and to increase its market share in its present area.

In that end, Phillips successfully bid last year for General American Resources Co. of Houston, and apparently again recently for Aminal. Both companies are primarily exploration and production companies, with no refining or marketing operations, which suits Phillips just fine.

General American has oil and gas reserves in Louisiana, Texas, Oklahoma and New Mexico, with minor holdings in Canada, the

Netherlands and the United Kingdom. Mr. Cox said. The acquisition allowed Phillips to add "oil and gas reserves in a cost-effective way."

Mr. Cox said. "Their properties were a very good fit with our property."

Actually, the fit was so good in Phillips' view that it first went after General American's decade ago, but there was no interest at General American. When T. Boone Pickens and Mesa Oil made a takeover attempt, General American invited Phillips to make an offer. Phillips walked away with a \$43.8-million gain, which helped make the later move against Gulf possible. (Mr. Pickens also came up with a \$1.6-million gain on the sale of Superior Oil Co. stock to Mobil Corp. this year.)

The acquisition boosted Phillips' U.S. reserves by 11 percent and its current production by 16 percent. If the purchase of Aminal passed muster with antitrust authorities, as Phillips expects, U.S. reserves will go up another 20 percent and production another 29 percent.

Now Phillips has just about enough production worldwide to match its refinery capacity. To market refined products more efficiently, it is concentrating, as is most of the industry, on shedding low-volume retail outlets in favor

of high-volume "investment" stations that are usually combined with convenience stores.

While the larger companies merge and acquire, some smaller independent companies are doing well enough to expand. Powertex, for example, is buying the Getty service stations Texaco is shedding. But other independents are literally in bankruptcy.

And the jockeying for a better marketing position goes on. Sun Oil Co. is selling a network of stations in Florida to Mobil. At the same time, Mobil has sold a small refinery in Kansas and the stations it supplied, and it has closed several regional and district marketing offices on the West Coast and in the Midwest.

The big companies that have become bigger with the mergers and acquisitions, of course, have another problem: a load of new debt. They are all looking for ways to reduce it, particularly expensive short-term bank borrowing. Most of the proceeds from the sale of assets are being used that way at Chevron and Texaco, for instance.

Mobil's president, William P. Tynan, noted recently that the acquisition of Superior Oil increased Mobil's U.S. reserves by 27 percent, but the added debt burdens will also hurt earnings at least through 1989, he said.

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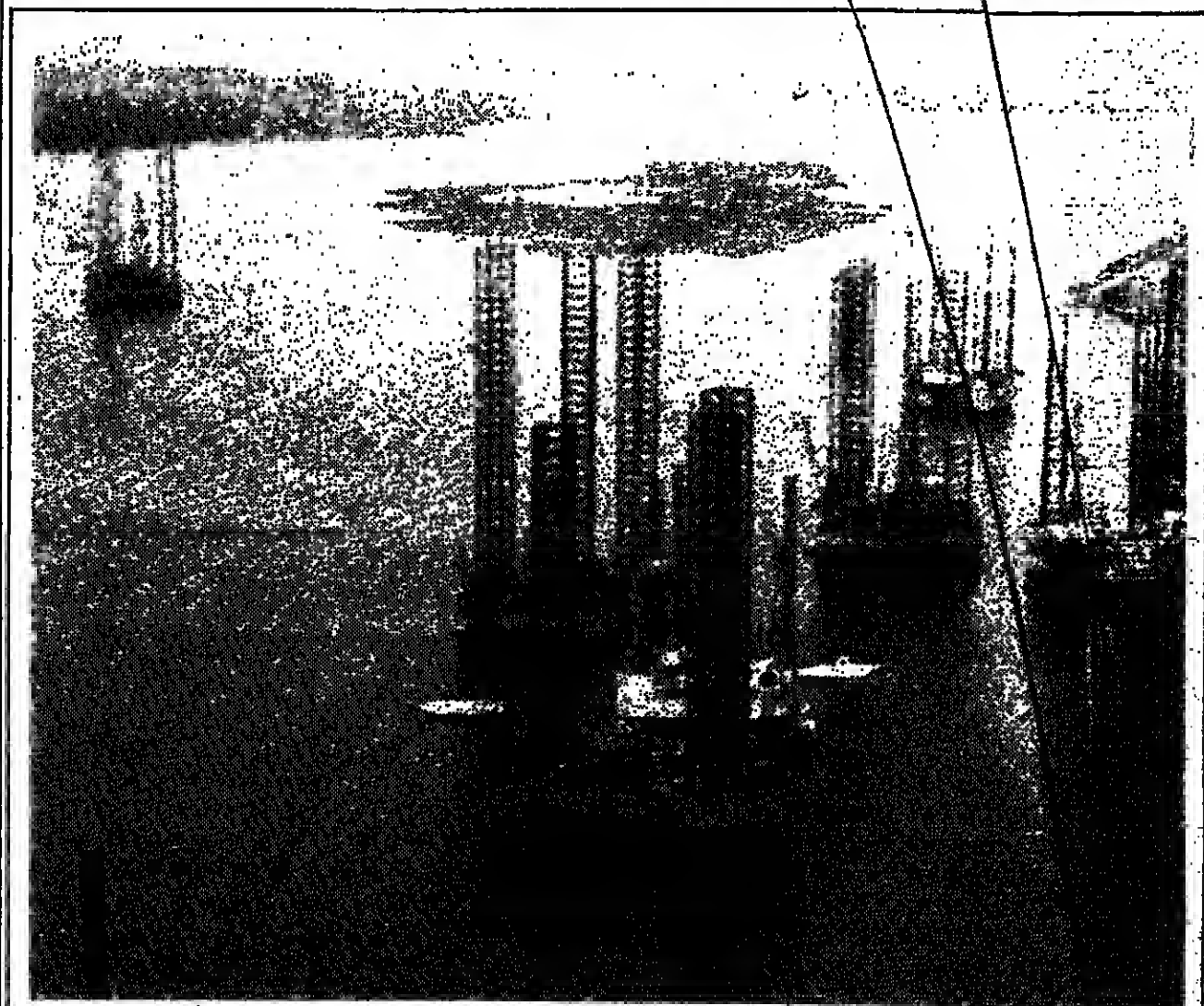
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On the Gulf Coast of Texas, the world oil giant has lifted offshore oil rigs.

Natural Gas: Now It's a Buyers' Market

(Continued From Previous Page)

considerable purchaser pressure to revise old contracts. Most critical for the buyers has been the revision of the "take-or-pay" provisions of their contracts, provisions that require the purchase of a minimum quantity of gas per year, or, in the event of failure to "take" the minimum, the payment of a penalty on the difference involved.

Here, purchaser refusal to take the gas or pay the agreed-upon penalty is most notable in the current Spanish-Algerian LNG controversy. Spain's Enagase has refused to take more than 1.5 billion cubic meters per year, a refusal that has led to Algeria's claim for the resulting penalties. (These could amount to \$500 million or more per year.)

The case has been submitted to international arbitration.

Elsewhere, it is rumored that there are similar complications, most notably with the Norwegian Ekofisk gas under Continental contract.

Here, the evidence is clouded by production declines in the fields concerned. Deliveries to the Continent slipped by 8 and 10 percent in 1982 and 1983, respectively.

Another symptom of the buyer's market are persistent rumors of contractual renegotiations particularly with regard to prices. All purchasers of Dutch gas are reportedly prepared to take the price issue up for renegotiation.

Similar reports have the French and Belgians renegotiating their Algerian LNG contracts. The degree to which these procedures are taking place is difficult to ascertain as renegotiation of gas contracts are among the most closely guarded secrets in the industry.

In all these cases, political interests, never far from the surface, tend to emerge. Thus, the

Algerians are threatening to halt all Spanish exports (some \$700 million worth, 1983) in retaliation for nonpayment of "take-or-pay" penalties.

The Norwegians, when confronted with the British counter of purchasing Dutch instead of future development of all Norwegian gas or "the back burner" for a couple of years thereby raising the price of European dependency on Soviet gas in the 1990s.

Yet market conditions may be firming up. In Denmark and elsewhere domestic manufacturing sales are beginning to increase. "We are cautiously optimistic," an international gas trade said. "Demand is growing. How much it will continue to grow depends on the severity of the coming winter."

By then we will know how much buyers have taken place.

Beijing Pins Hopes on Offshore Oil Discoveries; Outcome May Affect Long-Term Hong Kong Policy

By Eva Dadrian

LONDON — The likelihood of China's tampering with Hong Kong's free-wheeling capitalist system when it regains the British colony in 1997 may hinge on the fortunes of Western companies now searching for offshore oil in China.

China desperately needs huge amounts of foreign currency to finance the modernization program needed to compare with other industrialized nations. Beijing has been counting on the 30 or more Western companies now drilling off the Chinese coast to find Saudi-sized oil reservoirs, which would cover its import bill. Wells have been drilled in the most likely geological structures during the last nine months, but so far none have yielded oil in commercial quantities.

These grim results, even more than the bargaining skills of Britain's foreign minister, Sir Geoffrey Howe, may ensure that Hong Kong remains a capitalist enclave within a vast Communist state. The Chinese realize that keeping Hong Kong's financial institutions intact will provide an alternative source of revenue if no big oil deposits are found.

Five years ago, when China first allowed Western companies to carry out seismic tests in the South China Sea in preparation for the leasing of offshore lots, oilmen were calling the region "the last frontier." Now there is talk of one French company breaking off its lengthy exploration contract with China if it does not make a major find within the next 12 months.

Others may follow. A former exploration manager with an American company said: "You drill your best shots first. Then you examine the data, and if these are negative, you have to search for more subtle traps, which probably means reducing the size of the potential reserve."

Normally, with the expenses of offshore drilling, laying pipelines back to mainland China and helping to build oil terminals, oilmen calculate that any well producing less than 3,000 barrels a day would verge on being noncommercial.

In addition, China expects the oil companies to shoulder all the exploration costs, which can run into many millions of dollars. Only when commercial reserves have been found will the Chinese government-run oil company agree to start contributing with 51 percent of the development costs. China took its tough bargaining stance after studying contracts between the majors and other producing nations, and added a few unique twists of their own.

The unsuccessful wells have been drilled throughout the South China Sea and within the Chinese side of the Gulf of Tonkin. Those exploitable reservoirs that may exist, geologists say, may be random pools instead of one large one. This makes production and the estimate of the reserves "size extremely difficult," a geologist said. It also makes secondary recovery — by steam or gas — the process of boosting the pressure within a depleted oil formation to extract the remaining crude — prohibitively expensive.

Atlantic Richfield discovered natural gas south of Hainan island, in the Gulf of Tonkin, which the Chinese say is promising. The French state oil company, Total, along with Sun, Pennzoil and Idemitsu are also operating in the Gulf of Tonkin, much to the anger of the Vietnamese. Hanoi lays claim to Chinese territorial waters in the Gulf of Tonkin. A drilling vessel, the Glomar Java Sea, chartered by Arco, sank in a storm under mysterious circumstances last year, and U.S. naval authorities think the Vietnamese might know more about the incident than they are telling. The U.S.

government is still investigating the incident. Some of the Western seismic vessels operating in the South China Sea were also harassed by pirates posing as floundering Vietnamese refugees.

It was beginning to seem to oilmen that "the last frontier" had plenty of hazards and few rewards. However, the Chinese Oil Ministry said that Shell and Esso reportedly struck oil recently after a string of unsuccessful wells. But the size of their Wenchang discovery, east of Hainan, has yet to be determined.

Nevertheless, the Chinese and the oil companies are guardedly optimistic about the search in the South China Sea, if only to justify the colossal sums already spent.

The oil prospectors also have doubts about extending their search to mainland China even though seismic crews — who map the formations by measuring the speed at which sound or shock waves travel through different rock strata, have found encouraging results in far western China, although it is too far from any tanker port to do the oil companies much good. But Chinese geologists say that at least two-thirds of all sedimentary basins — where oil is found — have yet to be mapped. However, letting the Western oil companies roam the country looking for oil goes against China's isolationist instincts.

Most likely, the Chinese will try next to entice the oil companies into searching in other zones off the coast. But few companies will be willing to risk more costly dry holes unless China relaxes its licensing terms and assumes some of the exploration costs. The biggest boon to the companies, of course, would be a major oil discovery.



The World Bank has financed development of small-energy resource projects in the Third World such as this windmill that supplies water and energy to a village on Lake Victoria in Kenya.

Gulf Conflict Forces Refining Industries Into Hard Decisions

By Bart Collins

LONDON — The Iranian revolution of 1979 and the outbreak of the Iran-Iraq war in 1980 virtually saved the world refining industry by forcing it to make hard decisions.

Now, the imminent start-up of new Middle East plants is more than just a promise, particularly in Saudi Arabia. Production is already flowing from the Saudi Yanbu plant on the Red Sea, a joint venture between Mobil and Petrofin, the Saudi state oil company. The Petrofin/Shell refinery in Jubail is due for start-up next year. So is the new Petrofin/Petrobras refinery at Rabigh. Petrofin is already planning a new plant at Yanbu. Qatar, Kuwait and Abu Dhabi are all expanding existing plants.

Abrupt and severe increases in world crude oil prices imposed by the Organization of Petroleum Exporting Countries in 1973-74 and in 1979 caused havoc in the world refining industry. Before 1973, the rise of OPEC power — refinery construction and operation had been comfortably and easily regulated by the major oil companies. They could match oil output to the need of an international market that in the 12 years before 1973 had experienced a demand increase from 5 to 6 percent a year. They could exercise this enormous power because they had equity control in virtually all world crude supplies outside the Communist bloc.

Equally, the bulk of world refinery capacity was under their control. More than three-quarters of the world's refining capacity was in the hands of the major oil companies. They could match oil output to the need of an international market that in the 12 years before 1973 had experienced a demand increase from 5 to 6 percent a year. They could exercise this enormous power because they had equity control in virtually all world crude supplies outside the Communist bloc.

The greater the demand, the greater the need for plants to refine crude oil into the products wanted by the market. As long as the major companies could dominate oil sources, control hundreds of refineries around the world and keep a firm grip on world product markets, their power and profits were assured. The world of oil changed in October 1973. Those

momentous days included two revolutions in the world crude oil industry. First, OPEC member states took the right to set world crude oil prices. There had been virtually no change in the price of world crude oil for more than 10 years. This fundamental change in the international oil trade came like an explosion to major companies. Their plans for ever-expanding markets, more refineries and more markets were knocked askew. Equally radical were the moves made by OPEC states to nationalize the oil and gas reserves within their own borders.

With two blows, OPEC had taken command of world crude oil pricing and deprived the international oil companies of equity control of two-thirds of the world's crude oil reserves. The comfortable and easy regulation of the world oil-producing and refining industry had gone. OPEC had taken the oil.

The companies, the seven majors especially, were left with the world's refineries, terminals, tank farms and pipelines. To stay in business, to serve their markets, they needed OPEC crude at OPEC prices. They bought it and succeeded in persuading their huge, multinational range of customers to buy at the new, high prices. But for more than two years after the revolutions of October 1973, world oil demand in the non-Communist world fell, from 47.6 million barrels a day at the end of 1973 to a daily demand average of 44.9 million barrels at the end of 1975. The Western European oil-market sector was hit worst, with demand falling off by nearly 2 million barrels a day in two years.

At the end of 1975, European refineries overall were operating at some 30 percent below capacity. Oil companies were stuck with high cost, capital-intensive oil-processing plants that they had built over the preceding 12 years. The business strategy in Europe had been to bring crude to be processed at refineries located at or near major marketing centers.

A number of new plants, under construction as the OPEC revolutions were happening, were completed and commissioned even as the European oil market was turning sour. Worse things happened for the

companies. The pattern of product demand in Western Europe suddenly took a new shape. Until 1973 more than 50 percent of the Western European primary energy demand had been based on heavy fuel oil. Most of the new state of refineries had been designed to process the heavy crudes of the Middle East, which were to give a refinery yielding of more than 50 percent heavy fuel oil.

Large consumers of heavy fuel oil, like the steel, glass, aluminium, cement and electricity generation industries, faced with huge increases in fuel oil costs, switched to other fuels. Western European oil refiners found that fairly new plants were operating far below capacity. They also felt, for the first time ever, market resistance to the prices they were charging.

Companies had intense discussions about refinery closures, but none of them shut plants. A new fear loomed. From the Middle East came reports that Saudi Arabia and Kuwait were to start major refinery construction programs. They would be modern plants geared to the new needs of the market. They would focus on the output of transport fuels, gasoline, diesel and kerosene for aviation. The markets in these products had held hard worldwide even as prices had increased after 1973, although demand for fuel fractions had fallen.

From the end of 1975, despite a series of OPEC price increases, crude oil prices had not mounted significantly in real terms, after allowing for world inflation and variations in currency values. Oil came into its own again, so much so that by the end of 1979 world consumption was at a record level of more than 64 million barrels a day.

In the late 1970s, refining in the United States, where the industry had not been so heavily hit as Europe, recovered its buoyancy. In Western Europe there was some recovery, with the industry resolving its heavy fuel oil surplus problem by deciding to design and install special plants to yield more of the saleable transport fuels.

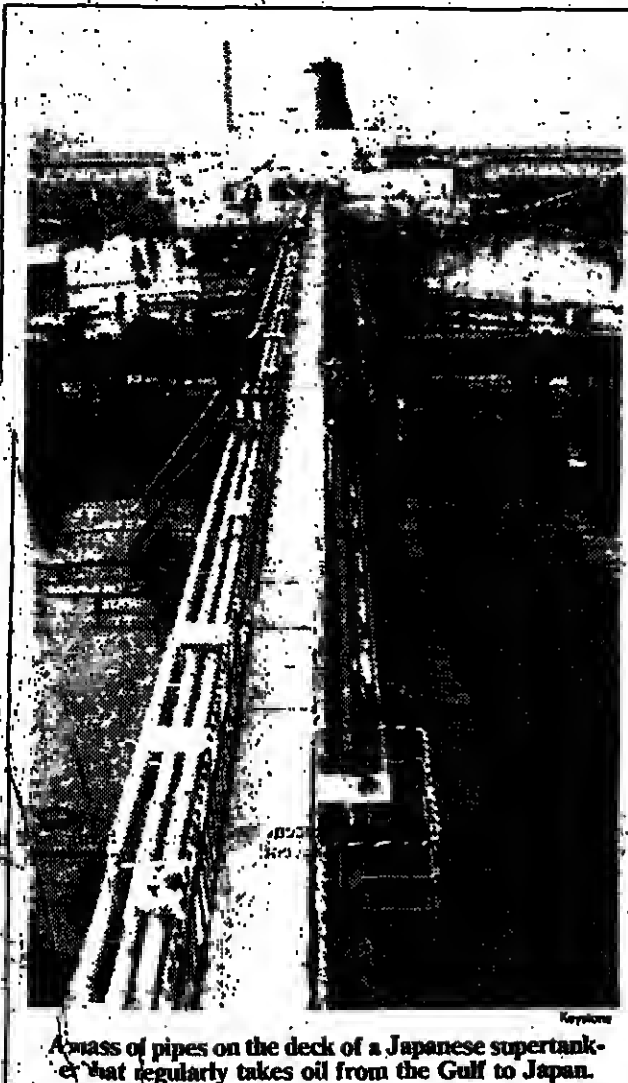
The impact of new refineries around the Gulf was to be ignored. The golden days of plenty had come again.

it was felt, despite grave warnings from international agencies, governments and strong voices in the oil industry itself that at 1979 rates of usage the world would run out of oil just after 2000.

But between Jan. 1, 1979, and Jan. 1, 1980, the OPEC "marker" price for crude oil jumped from \$13.34 a barrel to \$26. There was an immediate effect on the non-Communist world's crude oil refining and consumption. From a 1979 daily usage of 51.2 million barrels, demand fell by the end of 1980 to 48.5 million barrels. As crude prices continued to swing upward and world recession set in, consumption in the non-Communist world slumped by the end of 1983 to 44.6 million barrels a day, the lowest overall daily average since 1972. This time the slump was shared. In the three years from 1980 to 1983, the United States lost 3 million barrels a day of oil usage, down to a daily 16.1 million barrels, the lowest since 1971. Western Europe lost 2.8 million daily barrels of consumption to give a year's daily average of 12.2 million barrels, the lowest since 1970. Japan, the third-largest regional user of crude oil, lost more than 1.1 million daily barrels to produce its lowest daily consumption average since 1971 of 4.4 million barrels.

Companies had to act. Refineries have been shut or sold in every major European refinery area. In the United States and in Japan, more than 90 plants have been closed in the United States. Even the heavily oil-dependent Japanese have closed plants. More will follow. Despite a slight upturn in oil demand this year, European plants continue to work at around 30 percent below capacity.

Although the international oil industry, like others is going through a period of surgery and reshaping, optimists believe it will emerge leaner and fitter. Its current recession and the world surplus of crude available against prevailing demand has forced oil companies and others away from the development of alternative fuels based on coal, tar sands and plant crops (gasohols). There is persisting work on additives to replace lead in gasoline. Lead-free gasoline will be obligatory in the industrialized world by 1990. A new crop of problems awaits world refiners.



A mass of pipes on the deck of a Japanese supertanker that regularly takes oil from the Gulf to Japan.

Debt Crisis Halts Energy Development Projects Throughout the Third World

By Ronald Katz

PARIS — Dos Bocas set amid the palm groves of Southeastern Mexico, is the stopping place for oil tankers carrying away 500,000 barrels a day of the country's main source of foreign exchange. But Mexico's \$85 billion in debt to foreign lenders now, and plans to double the port's size have been scrapped. In Morocco, the government planned an ambitious nuclear program to meet the country's energy needs. Severe financial problems will delay it for at least 10 years.

In developing and newly industrializing countries in all regions, energy projects have either been halted after predevelopment studies, or not studied at all. "Third World energy development," says Subba Rao, chief of the United Nations energy unit, "has been one of the principal casualties of the debt crisis."

The diminished flow of energy finance to Third World countries has several roots: the soft oil market, which discourages multinational companies from prospecting in areas they see as marginal economically and sensitive politically;

high U.S. interest rates, which eat up export earnings and starve most countries of the foreign exchange that they need to attract investors; and, not significantly, the investment climate in the developing countries themselves.

But the debt crisis is certainly a factor, and, in some cases, a decisive one. The finance officer of a major British energy consulting and engineering firm reveals, for example, that all his company's projects in countries rescheduling their debt payments have been frozen — indefinitely. Wilfried Guth, chairman of the executive board of West Germany's Deutsche Bank, told the Swedish National Committee of the IOC: "It is far from easy for banks to lend new money to countries whose old loans have been rescheduled, and on which the banks have already made lost provisions."

The slowdown in energy finance could hardly come at a worse time for less-developed countries. LDCs, relying from the oil shocks of 1973 and 1979, which saw their energy import bills rise twentyfold to thirtyfold, they had scarcely begun to adjust when a stronger dollar and high interest rates hit them with the force of

still a third shock. With debt service piling up and rescheduling the rule, commercial banks began to cast a cold eye on clients they had courted with alacrity in the 1970s. More ominously, the official export credit agencies that Western governments use to help LDCs finance exports of energy and other products have also turned cautious because of the piling up of bad debts.

What are the implications of a slowdown in Third World energy development and why should industrialized countries be concerned about it? Put simply, energy exports, in some LDCs, are a potent generator of foreign exchange. In Mexico, for example, oil accounts for 75 percent of all exports and thus the lion's share of the dollars the country needs to service its huge debt. In the oil-importing LDCs, development of indigenous resource — whether fuelwood, hydro, biomass or solar — can ease the severe pressures of oil import bills.

LDCs, reducing their energy import bills, reducing energy production in oil importing developing countries would not only alleviate their burdensome balance of payments situation but could constitute an attractive form of import substitution," says the United Nations' technical energy group.

The upshot is a classic vicious circle: Poorer countries in desperate need of energy finance to meet debt obligations are often unable to find it because outside sources may be frightened off by those same debt burdens.

To be sure, all energy finance to Third World has not dried up, and care must be taken to differentiate between middle-income developing countries and their more impoverished neighbors. In fact, a diversity of external sources is available to assist Third World energy development. They range from the massive multilateral lending institutions such as the World Bank to smaller private companies with an interest in energy and an adventurous streak that takes them to remote parts of the world to find it. Each has its advantages and drawbacks, and each, to some extent, has been influenced by the debt crisis. Among the principal sources:

• The World Bank, far and away the most substantial source of energy lending to Third World. The bank's capital contribution

for energy projects climbed from \$1 billion in 1979 to \$3 billion in 1983.

Bank projects can take a variety of forms, from the financing of exploratory work (such as gas drilling in Tanzania) to putting out acreage for bids where known petroleum reserves are located (as in Madagascar). The bank also funds predevelopment engineering studies (which commercial banks generally shun) and country energy assessments, to overcome the chronic lack of resource information in the developing world.

The bank has a "soft loan" affiliate, the IDA, which lends only to the poorest developing countries, and a "private sector wing," the IFC, whose prime function is to induce private investment in developing countries' projects.

• Export credit agencies. Several developed countries, through official credit agencies, have made loans to subsidize exports of energy and other products from developing countries. These loans, often at concessionary and highly competitive rates, have been an important stimulus to Third World energy production. But debt rescheduling is forcing a new look.

• Commercial banks. The bull market for commercial-bank lending to the Third World was in the 1970s when banks, compelled to recycle billions in petrodollars, spread their risk and their lending policies to encompass project and sovereign loans to countries where their exposure had formerly been limited or nonexistent. The bull market is definitely over. With Latin American debt alone standing at \$350 billion, with countries such as Argentina balking at austerity programs imposed by the IMF, commercial banks are making a sober reassessment of their willingness to take on developing-country energy finance, or indeed to expose themselves at all in the Third World. When

(Continued on Next Page)

Ronald Katz, former staff director of the U.S. Senate Transportation Subcommittee, is secretary of the Air Transport Commission of the International Chamber of Commerce in Paris. This article expresses his own views, which are not necessarily those of the commission. The article was reprinted from Business World magazine.

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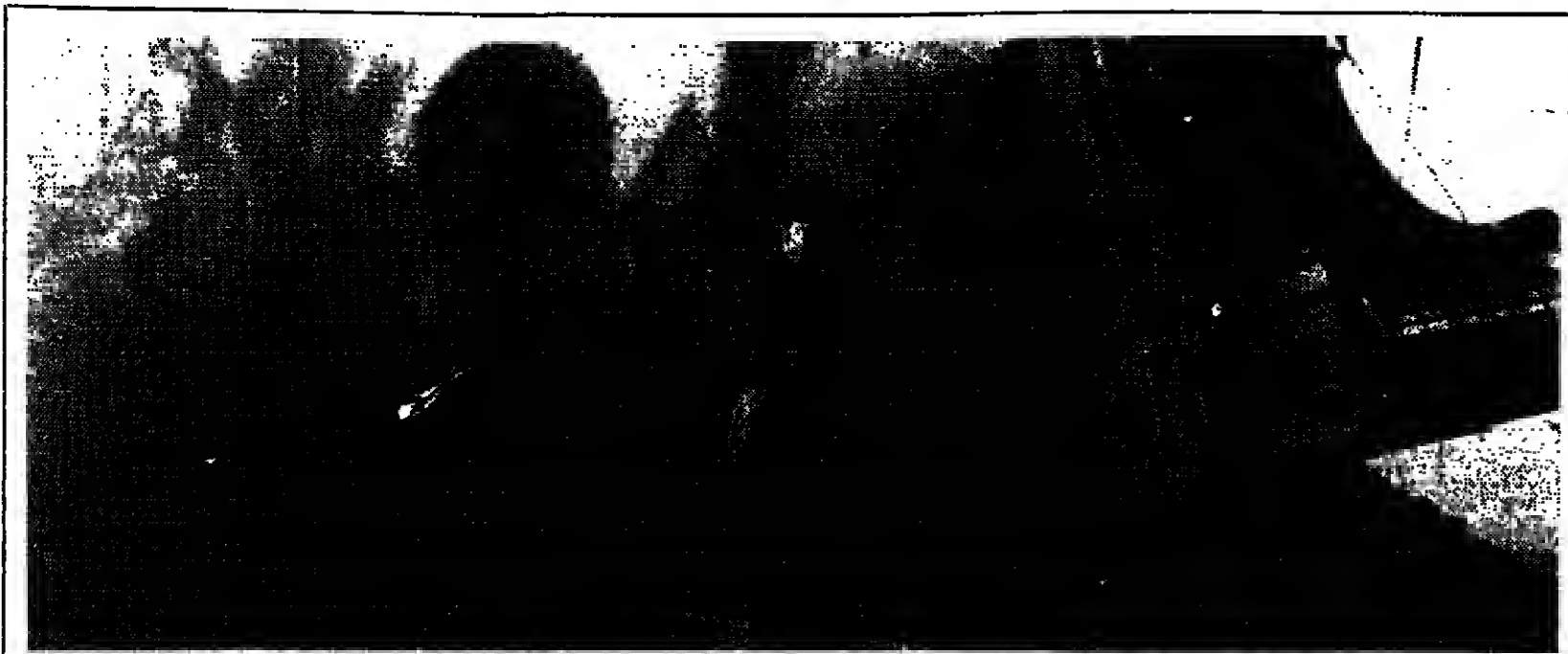


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A SPECIAL REPORT ON OIL AND ENERGY



American coal being loaded into the holds of ships for export during the heyday of the U.S. industry.

Conservation Shrinks Demand for U.S. Electricity

By I. C. Bupp

CAMBRIDGE, Massachusetts — The U.S. electricity utility industry is in the midst of basic changes, perhaps the greatest changes in its history. American electricity consumers have seen the price they pay for a kilowatt-hour (kwh) of electricity climb continuously for 15 years, tripling and in some cases quadrupling during that period. Further increases — more "rate shocks" — are inevitable as two dozen new and highly expensive nuclear power plants enter service in the next four years.

Meanwhile, flattened growth in peak-load demand and in electricity use has already produced a nationwide surplus of generating capacity, which will prevail at least into the early 1990s. Whether new generating capacity will be needed in the middle or late 1990s is hotly disputed. At one extreme, a recent study by the U.S. Department of Energy projected a requirement for almost 450,000 megawatts (the approximate equivalent of 450 new nuclear or coal plants) by 2000. Many other analysts dispute such large numbers, contending that no new generating capacity will be needed in the United States until well into the 21st century.

The latter are probably correct. All currently available evidence points to the emergence of a mature market for electricity in the United States, with demand growth — which once far exceeded the rise in gross national product — only matching GNP growth for the foreseeable future.

It is clear that a powerful, price-induced conservation mood exists among all classes of electricity consumers. Few want to use more electricity; all want to use less while still realizing the same benefits. Technological development is helping these consumers. Appliances capable of squeezing much more work out of a kilowatt-hour are rapidly becoming more available. Many already on the market more than double the efficiency of electricity use at a cost less than half that of generating a kilowatt-hour by burning oil, gas, or coal, and less than one-tenth the cost of the first several years of electricity that will be produced by most of the new nuclear plants. Prototype technology not yet on the market, but realistically likely, will produce much greater savings, enhancing efficiency by a factor of 10 in many cases, and by an astounding factor of 100 in a few.

In the face of these promising technological developments in energy use and in the face of stiffening consumer resistance to higher prices, about 30 U.S. electric power companies are struggling to complete some 45 partly built nuclear plants all of which have experienced cost overruns of at least 100 percent and a few by a nearly unbelievable 1,000 percent.

How many of these incomplete plants will actually be finished is uncertain. About 8 to 12 will almost certainly be canceled and an equal number almost certainly completed. What happens to the remaining two dozen is currently

undetermined, but the best guess is that most will be completed although with considerable additional delays and, hence, cost increases. The cost of electricity from most of the completed new nuclear plants will be two or three times the cost of electricity from burning oil unless the price of oil soars to \$75-\$100 per barrel.

While only a small fraction of the companies in the U.S. electric power industry bear the burden of incomplete nuclear plants, the consequences of their struggle could deeply hurt other companies, which today are in reasonably sound financial health. The reason is the possibility of what has been vividly labeled as "Death Spiral" confronting the entire power industry.

The Death Spiral works like this: High electricity rates cause more price-induced conservation and faster penetration of electricity-saving products. This causes a shortfall in expected kilowatt-hour sales, leading to the idle capacity of lower sales per unit of installed capacity. This means higher fixed costs per kilowatt-hour sold, in turn causing revenue shortfalls and lower returns to investors. Raising prices to protect revenues and investor returns causes the cycle to repeat.

The prospects for a Death Spiral in the U.S. utility industry are by no means far-fetched. To avoid it, the electric power companies must become low-cost suppliers in a competitive marketplace for energy services. This is one of the most severe challenges

ever to face the management of this industry.

The part that is being played by nuclear power in presenting the challenge is especially frustrating to many industry executives because they know that in France technically identical nuclear plants are being built at a cost approximately the same as the average price of a nuclear plant built in the U.S. 10 years ago. This makes new French nuclear plants a source of electricity at no more than half of what it would cost to produce it by burning oil, and no more than two-thirds of what it would cost to produce it by burning coal.

The French government-owned, electricity-generating monopoly, Electricité de France, has won the "prix nucléaire" that it made in the 1970s. It has won the gamble through superb management and solid engineering. But EDF's difficult job was greatly simplified by an abrupt end to the public debate in France over nuclear safety. In sharp contrast to the United States, that debate — the argument over "how safe is safe enough" for a nuclear reactor — ended in the 1970s. It continues in the United States and is the basic cause for the economic decline that has overtaken nuclear power in this country.

But, EDF does share some of the challenges facing the U.S. utility industry. In France, as in the United States, electricity-demand growth has not kept pace with the expectations of a decade ago. The result is that nuclear power will soon be a much larger fraction of

EDF's generating capacity than makes technical or economic sense.

EDF has promised that nuclear power will mean lower electricity bills for French consumers. For this to happen, demand for electricity must begin to rise in France. To assist demand growth, the company has mounted an aggressive marketing campaign that is, ironically, partly aimed at its own subsidiary, Gaz de France. Many of the gas company's prime industrial customers are being courted with offers of cheap electricity and free electrical hook-ups. This campaign adds weight to the speculation that EDF's nuclear program — a managerial and technical tour de force — may have been too successful.

I. C. Bupp is director of utilities and energy management, Cambridge Energy Research Associates, Cambridge, Massachusetts.

Excess Coal Production Causes Worldwide Crisis in Industry

WASHINGTON — World coal producers, no less than oil producers, are plagued with so much excess production capacity that prices remain under considerable downward pressure and profits are thin or nonexistent.

Coal reserves are so abundant, however, that this situation has developed hand in hand with record levels of coal production, at least in the United States and Australia, the two largest exporters.

In the United States, the profit squeeze was one reason the United Mine Workers recently agreed to a new three-year contract without a general strike against the members of the Bituminous Coal Operators Association. The economic reality facing the industry was sufficiently stark that the UMW settled without a strike for the first time in 18 years even though it got only a 10- to 14-percent wage increase, about one-fourth the increase in the last contract. Anticipating a strike, most coal users in the United States and some abroad built large stockpiles that are now being worked off. Strike-hedge buying and a general increase in demand flowing from the strong U.S. economic expansion have combined to push production to new records this year, according to the National Coal Association.

There will be perhaps a 20-percent drop in output this quarter as those unnecessary inventories are reduced, but production for the entire year is expected to reach 853 million short tons, a 9.2-percent increase from 1983. All of the increase will go either for U.S. consumption or inventories. U.S. exports are expected to remain at last year's level of 77 million short tons, the NCA said.

The production records were achieved with thousands of miners still unemployed and many of the small mines that were producing profitably for the spot market a few years ago still shut down.

A similar situation exists in Australia. Industry experts estimate that the nation currently could produce about 140 million metric tons annually but last year was able to sell only about \$4 million. Miners are on layoff and industry profits are being hurt.

In Australia, however, it is domestic consumption that is very flat while exports have risen. During the year that ended last June, it exported 6.5 million metric tons, most of it metallurgical coal for coking and use by the steel industry. That was a 19-percent increase over the previous year and an all-time high.

The price pressures in the industry are vividly illustrated by what has happened to prices for metallurgical coal (known as met coal) exported by the United States. In the first seven months of this year, met coal exports rose by more than 30 percent to a level of 34

million short tons, with much of the increase going to European destinations. But that increase in demand was accompanied by a 7.5-percent drop in price, to an average of \$52.55 a short ton.

Some of that increase in met-coal trade was offset by a drop in that for steam coal. European imports of U.S. steam coal, for instance, were cut in half, compared to the same period in 1983.

Buyers such as the Japanese have been quick to take advantage of the industry's overcapacity. Industry sources say that Japanese negotiators have singled out one or another major U.S. producer and sought significant price concessions in return for promises to take a substantial and steady volume of coal. The concessions have been granted and orders to other American companies have dried up as their volume has been shifted to the larger producers with the lower prices.

The Japanese buyers have then used the lower U.S. export prices as a lever to get similar concessions from Australian producers, according to Australian sources. Australia supplies about half the Japanese market for met coal and the U.S. roughly one-quarter.

A new concern has arisen in Australia that the U.S. government may be trying to get the Japanese government to encourage more purchases of U.S. coal and thereby reduce the enormous bilateral trade imbalance between the two countries.

Meanwhile, American producers are concentrating on holding down costs and improving profits. The companies resisted union demands for greater job security provisions in the new contract. At least one major company that was not fully a part of the BCOA, A.T. Massey Co. of Richmond, Virginia, has declined to accept the settlement's terms and has been struck by the union. But Massey has both union and nonunion mines, and with production cutbacks required any way, the walkout by about 4,000 miners may not be hurting the company that much, industry observers said.

Longer term, the outlook generally is for additional increases in steam coal production around the world, but little if any gain in met coal output.

For environmental and other reasons, less and less coal is being used per ton of steel produced — and steel production itself is unlikely to be going up very much. On the other hand, most forecasters expect steam-coal use to rise at least in line with electricity generation in most countries, and faster than that in some, such as the United States, where coal's share as a primary energy source is steadily rising.

From the industry's point of view, however, using production alone probably will not mean high profits anytime soon. Overcapacity will be a problem for years to come, most industry analysts believe.

—JOHN M. BERRY

Demand for OPEC Oil Fails to Increase

(Continued From Page 9)

events that 10 years ago would have caused an economic crisis in the Western world and a sharp increase of oil prices.

One explanation for this phenomenon is the abundance of oil. Although demand estimates for 1984 indicate some increase in consumption by 1.4 million barrels a day to 1.5 million barrels a day, since last year demand has remained weak and oil production of non-OPEC countries has increased significantly. The North Sea producers increased their oil production this year by 300,000 barrels a day, and the Far East by 250,000 barrels a day. The Soviet Union increased its oil exports to member countries of the Organization for Economic Cooperation and Development to 1.7 million barrels a day in the second quarter. Malaysia, India and Egypt also increased production. Also, in the second quarter and the beginning of the third most OPEC countries produced above their quota levels at a time when they should have kept their output below the organization's overall ceiling of 17.5 million barrels a day.

In July, OPEC output exceeded the organization's quota by at least 1 million barrels a day, reaching about 18.5 million barrels a day, countries like Qatar and Saudi Arabia having overproduced. Qatar exceeded its quota of 300,000 barrels a day by some 200,000 barrels. Saudi Arabia lifted its production in July from 5 million barrels a day to some 6 million barrels a day, an overproduction that coincided with the conclusion of the Saudi barter deal under which the kingdom was paying oil for the purchase of 10 Boeing 747 aircraft with Rolls-Royce engines. Despite the present reduction of OPEC's oil production, reported to be lower than the official overall ceiling at around 16.5 million barrels a day, the over-supply during the year by non-OPEC and OPEC producers, coupled with a still-weak economic recovery in the Western world, with the exception of the United States and Japan, has kept oil prices low.

Another explanation for the weakness of the oil market is the continuing strength of the dollar. In Europe, in many cases — France and West Germany, for example — the real cost for a barrel of oil increased and was reflected in the buyer's hesitation to lift oil and in the instability of stock movements that lead to the changing pattern of storage. Stockholders tend with the fluctuation of exchange rates to get rid of their stocks because of the high dollar.

These difficulties, which have turned the oil market into a buyer's market rather than a seller's, do not imply, however, that oil prices are heading for a collapse. On the contrary, oil prices seem to have entered into an era of stability, because there is a definite common strong interest for OPEC and non-OPEC producers and consumers to prevent a collapse of the price of oil, which would be disastrous for the world economy.

The London agreement of OPEC in March last year to reduce its prices and to implement the production-sharing policy its members have set for themselves proved that, when confronted by a real danger of collapsing oil prices — that is, a dramatic loss of revenue — OPEC member countries will, despite deep political tension, manage to control the situation.

Today, neither the oil producers nor the international oil companies want a collapse in prices. For consumers and the Western world, a further decline of oil prices would mean that the highly indebted oil-exporting countries that pose special problems to the international financial system and to the prospects of a sustained world economic recovery would become a very serious source of risk for the world financial system.

According to the director general of Petroleos Mexicanos (Pemex), Mario Ramón Beteta, the external debt outstanding in 1984 of Algeria, Ecuador, Egypt, Indonesia, Malaysia, Mexico, Nigeria and Venezuela — OPEC and non-OPEC developing countries — is about \$250 billion. A sharp decrease of the price of oil, added a Pemex official, Mario Ramón Beteta, would have serious consequences on the external accounts of these countries and would increase the likelihood of a series of defaults by sovereign borrowers. Also, a collapse of oil prices would threaten the serious implementation by consumer countries of their conservation and diversification effort.

In the short term and for the coming months until the beginning of 1985, OPEC countries can successfully defend the OPEC price if they manage to respect their official quotas, but if they overproduce as they did in the second quarter of 1984 it will be more difficult for them to prevent a further declining of prices. The temptation is great, however, OPEC's output is low to day. Its level of 16.5 million barrels a day reflects the weakness of demand for oil, and OPEC countries such as Nigeria or Iran that face huge economic problems are unable to sell their oil. Nigeria never reached the quota of 1.3 million barrels a day allotted to it by the OPEC conference last July. Iranian oil exports dropped in August to 1.3 million barrels a day from 1.9 million barrels a day in June and July. Many OPEC nations want to increase their production shares for more revenue. Iraq wants a higher quota. All these nations, including the United Arab Emirates and Kuwait, are waiting for an improvement in demand and would be tempted to overproduce if the danger of collapsing prices were not too imminent.

The Saudi oil minister said in August that, "with a certain degree of self-restraint on the part of OPEC and non-OPEC producers, we will definitely be able to support the present level of prices and avoid any unnecessary deterioration." It would not be an overoptimistic judgment to say that oil prices are coming to an era of stability, with all producers and industrialized nations realizing that it would be dangerous for the world economy to have a collapse in the prices of oil.

The time of sharp oil price increases is gone. The security of energy supplies to the West no longer has impact on oil prices it had in 1973, for industrialized countries are much better prepared to cope with such a problem than in 1973, when the oil embargo caused the West to panic. The U.S. deputy assistant secretary of state for energy, Allan Wendt, told the Oxford Energy Seminar last month: "There is no worry for a strong upward pressure on oil prices for at least another five and perhaps as many as 10 years; it is even possible that in the interim we will see ten-

porary price decreases. But it is likely that by the 1990s we will be faced with the need to expand oil production and that real upward pressure on prices will return."

He also said: "IEA members hold available stocks equivalent to about 47 days of consumption, or 1.4 billion barrels. More than half of them are private. IEA members have been building stocks that are strategic reserves that can be made in an emergency. The U.S. petroleum reserve, which was insignificant in the 1970s, now holds more than 430 million barrels of oil and is growing daily. We expect to reach our goal of 750 million barrels in 1990."

Reduced total demand for energy, which has characterized the last two years and which is a result of conservation efforts, coupled with world recession, is likely to continue during the next few years unless a dramatic political event takes place in the oil-producing area of the Middle East, such as the closure of the Strait of Hormuz or a political upheaval in any of the big oil-producing nations. Oil prices will be stable in the coming years, with slight adjustments downward or upward depending on the evolution of the oil market. Buy the inevitability of another oil-price swing, be it downward or upward, will be avoided by both OPEC and non-OPEC producers for the simple reason that there is too much at stake.

Debt Crisis Halts 3d-World Projects

(Continued From Previous Page)

banks do make energy loans, the watchwords are project finance, portability, and risk sharing. To dilute risk further, some banks may look to private political risk insurance, offshore escrow accounts, and involvement by multilateral lending institutions, such as the World Bank, as "honest brokers."

• Multinational energy companies. Despite the soft oil market, oil drilling continues. According to study by the international accounting firm Arthur Andersen, 300 private oil companies spent an estimated \$89 billion in exploring properties and oil exploration in 1980-82. The catch: 75 percent of the spending was in the United States.

Ideas to encourage more Third World energy support have been bandied about for years, although none is yet close to fruition. One would set up a multilateral invest-

ment insurance program. This would reimburse companies for an agreed percentage of their expenditures if the exploration for hydrocarbons turned up only a dry hole. Another would set up an "energy affiliate" at the World Bank, which would provide equity capital for exploratory drilling in developing countries. Still another would expand the UN revolving fund for natural resources to include hydrocarbon project financing.

Both businessmen and public officials agree that energy finance is not a one-way street. To benefit from it, developing countries will have to get their own houses in order, and, in particular, make themselves attractive to private investments. That means new guarantees to ensure the stability of contracts, more liberal policies on the repatriation of foreign investors' earnings, and, above all, tax policies that encourage, rather than penalize, energy development.

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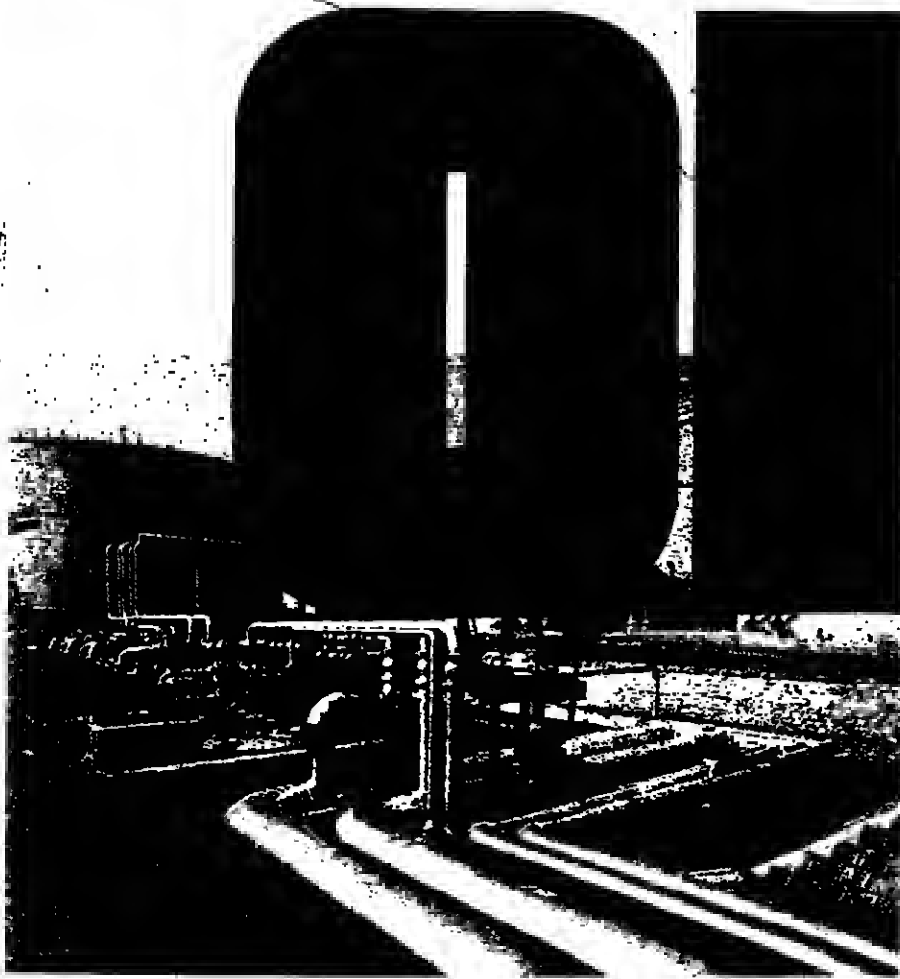
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 **Vitol**

NYSE Most Actives					
Vol.	High	Low	Last	Chg.	
Boeing	134 1/2	134 1/2	134 1/2	+1/2	
IBM	117 1/2	117 1/2	117 1/2	+1/2	
AT&T	117 1/2	117 1/2	117 1/2	+1/2	
Amgen	117 1/2	117 1/2	117 1/2	+1/2	
Amgen	117 1/2	117 1/2	117 1/2	+1/2	
Amgen	117 1/2	117 1/2	117 1/2	+1/2	
Amgen	117 1/2	117 1/2	117 1/2	+1/2	
Amgen	117 1/2	117 1/2	117 1/2	+1/2	
Amgen	117 1/2	117 1/2	117 1/2	+1/2	

Dow Jones Averages					
Open	High	Low	Last	Chg.	
Indus	1162.50	1162.50	1162.50	+1.25	
Trans	228.00	228.00	228.00	+1.25	
Unif	141.51	141.51	141.51	+1.25	
Comp	472.50	472.50	472.50	+1.25	

NYSE Index					
High	Low	Close	Chg.		
Composite	95.25	95.25	95.25	+0.25	
Industrials	95.25	95.25	95.25	+0.25	
Transp.	95.25	95.25	95.25	+0.25	
Utilities	95.25	95.25	95.25	+0.25	
Finance	95.25	95.25	95.25	+0.25	

NYSE Closing					
Vol.	High	Low	Last	Chg.	
Vol. of 4 P.M.	17,794,000				
Prev. 4 P.M. vol.	17,794,000				
Prev. consolidated close	75.26/78.00				

AMEX Most Actives					
Vol.	High	Low	Last	Chg.	
Amgen	117 1/2	117 1/2	117 1/2	+1/2	
Amgen	117 1/2	117 1/2	117 1/2	+1/2	
Amgen	117 1/2	117 1/2	117 1/2	+1/2	
Amgen	117 1/2	117 1/2	117 1/2	+1/2	
Amgen	117 1/2	117 1/2	117 1/2	+1/2	

NASDAQ Index					
High	Low	Close	Chg.		
Composite	116.25	116.25	116.25	+1.25	
Industrials	116.25	116.25	116.25	+1.25	
Transp.	116.25	116.25	116.25	+1.25	
Utilities	116.25	116.25	116.25	+1.25	
Finance	116.25	116.25	116.25	+1.25	

AMEX Stock Index					
High	Low	Close	Chg.		
Industrials	116.25	116.25	116.25	+1.25	
Transp.	116.25	116.25	116.25	+1.25	
Utilities	116.25	116.25	116.25	+1.25	
Finance	116.25	116.25	116.25	+1.25	
Commodities	116.25	116.25	116.25	+1.25	

12 Month	High	Low	Stock	Div.	Yld.	PE	52 Week	High	Low	Close	Chg.
22 1/2	134 1/2	134 1/2	Boeing							134 1/2	+1/2
22 1/2	117 1/2	117 1/2	IBM							117 1/2	+1/2
22 1/2	117 1/2	117 1/2	AT&T							117 1/2	+1/2
22 1/2	117 1/2	117 1/2	Amgen							117 1/2	+1/2
22 1/2	117 1/2	117 1/2	Amgen							117 1/2	+1/2
22 1/2	117 1/2	117 1/2	Amgen							117 1/2	+1/2
22 1/2	117 1/2	117 1/2	Amgen							117 1/2	+1/2
22 1/2	117 1/2	117 1/2	Amgen							117 1/2	+1/2
22 1/2	117 1/2	117 1/2	Amgen							117 1/2	+1/2

Prices Are Mixed at NYSE Close

Compiled by Our Staff From Dispatches
NEW YORK — Prices were mixed at the close of the New York Stock Exchange Wednesday in active trading.
 The Dow Jones average of 30 industrials slipped 1.88 to 1,195.89.
 Advances slightly outnumbered declines on the New York Stock Exchange.
 Big Board volume totaled 99.74 million shares, up from 82.93 million in the previous session.
 After drifting most of the day on investor uncertainty about the economy and interest rates, the market staged a rally late Wednesday following news of Britain's decision to cut oil prices.
 Energy stocks were battered by the cuts, which came a day after Norway lowered its North Sea prices, but the airlines and other issues began to pick up support.
 Some investors, however, stayed on the sidelines to ponder the hundreds of corporate earnings reports that were being released. The market tends to drift during these periods.
 Investors also were uncertain about the course of the economy, which slowed down in the third quarter.
 The Commerce Department reported housing starts climbed 8.9 percent in September following a 12.3 percent decline in August. The increase, despite high mortgage rates, demonstrated the housing industry is far from collapse.
 Federal funds rates that banks charge one another for overnight loans traded at 10 5/16 percent. Traders were a bit disturbed Tuesday when they traded at 10%, up slightly from


Monday's levels and the 9 1/2 percent level reached last week.
 Investors are concerned the Treasury's huge \$42.3 billion borrowing program, delayed by congressional inaction on the debt ceiling, will push short-term rates up a bit. The Treasury sold \$5.5 billion worth of notes Tuesday.
 Some investors were nervous about Sunday night's presidential debate. Wall Street has shown quiet anxiety over the past two weeks since President Reagan, favored by the investment community, performed poorly in the first debate with Walter Mondale.
 Exxon was high on the active list and sharply lower in reaction to the British and Norwegian price cuts.
 Among the other energy losers were Chevron, Texaco, Atlantic Richfield, Phillips Petroleum, Mobil, Indiana Standard, Ohio Standard and Royal Dutch.
 Occidental Petroleum, which reported third-quarter earnings of \$152.9 million vs. \$151.8 million a year ago, was lower.
 Airlines attracted attention on the oil news. USAir, which had third-quarter earnings of \$1.44 a share vs. \$1.04 a year ago, was higher. So were AMR Corp., Delta, Northwest, Southwest and UAL Inc.
 Ralston-Purina was one of the most active NYSE-listed issues and sharply lower following a block of 3,487,900 shares at 33 1/2. Ralston said it repurchased 3.5 million of its own shares.
 Gould Inc., which reported third-quarter earnings from continuing operations of 50 cents a share vs. 42 cents a year ago, was lower in active trading.
 (UPI, AP)

12 Month	High	Low	Stock	Div.	Yld.	PE	52 Week	High	Low	Close	Chg.
22 1/2	134 1/2	134 1/2	Boeing							134 1/2	+1/2
22 1/2	117 1/2	117 1/2	IBM							117 1/2	+1/2
22 1/2	117 1/2	117 1/2	AT&T							117 1/2	+1/2
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22 1/2	117 1/2	117 1/2	Amgen							117 1/2	+1/2
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22 1/2	117 1/2	117 1/2	Amgen							117 1/2	+1/2
22 1/2	117 1/2	117 1/2	Amgen							117 1/2	+1/2
22 1/2	117 1/2	117 1/2	Amgen							117 1/2	+1/2
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22 1/2	117 1/2	117 1/2	Amgen							117 1/2	+1/2
22 1/2	117 1/2	117 1/2	Amgen							117 1/2	+1/2
22 1/2	117 1/2	117 1/2	Amgen							117 1/2	+1/2
22 1/2	117 1/2	117 1/2	Amgen							117 1/2	+1/2
22 1/2	117 1/2	117 1/2	Amgen							117 1/2	+1/2



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BUSINESS ROUNDUP

Loan Losses Slow Rise In BankAmerica Profit

Reuters
SAN FRANCISCO — BankAmerica Corp. Wednesday reported a 20-percent increase in its third-quarter earnings, but said gains in interest revenue and fee income were partially offset by higher operating expenses and a significant increase in its provision for loan losses.

BankAmerica said its provision for such losses amounted to \$250 million for the third quarter, up 53 percent from \$163 million in 1983. It said net loan losses in the quarter

had risen 16 percent, to \$249 million compared with \$215 million a year ago.

In the third quarter, the company said, net income rose to \$91 million, compared with \$76 million a year earlier. Net income for the nine-month period fell 11 percent to \$302 million, from \$338 million.

BankAmerica said those results included the figures from Seafirst Corp., which it acquired in July 1983. Only Seafirst's third-quarter results are included in the 1983 figures, it said.

Seafirst recorded a third-quarter profit of \$21.4 million, compared with a loss a year earlier of \$34.6 million. The earnings included a \$20.5-million extraordinary gain related to tax benefits on the previous year's operating losses, BankAmerica said.

Hawker Says Profit Grew 18% in Half

Reuters
LONDON — Hawker Siddeley Group PLC Wednesday reported an 18-percent increase in pretax profit for the first half, but said that earnings for the full year were likely to remain around the £137.5 million (\$164.7 million) of last year.

Hawker said that its pretax profit for the half was £65.7 million, up from £55.3 million in the first half of 1983. Sales were up 11.6 percent in the period, to £751 million from £673 million.

Hawker shares closed Wednesday at 391 pence, down 56 pence from Tuesday. The results were below most analysts' expectations.

Hawker said orders had shown a rising trend, particularly in the group's British Railway engineering companies. But, it added, it does not expect conditions to change substantially for the rest of the year.

MCI, BT Sign Phone Accord

Reuters
NEW YORK — MCI Communications Corp. said Wednesday it signed an agreement with British Telecom PLC to provide a direct-dial telephone service between the United States and Britain. The service will begin early next year.

MCI also plans to expand its mail service worldwide. The company said that after tests next month, MCI mail will be available in Western Europe, the Middle East, Africa, the Far East and Central and South America.

Seth Blumenthal, president of MCI International, an MCI unit, said the agreement with BT for long-distance service to Britain will enable MCI to penetrate a market valued at about \$300 million annually.

Swedish Match Profit Jumped

International Herald Tribune

STOCKHOLM — Swedish Match, the diversified industrial group, making floor coverings, kitchen furnishings, packaging and matches and lighters, reported Wednesday that its pre-tax earnings more than tripled to 489 million kronor (\$78.4 million) in the first eight months of 1984.

The sharp rise was mostly due to extraordinary income of 450 million kronor from sales of real estate holdings and other assets, the company said in an interim report. Exclusive of extraordinary items, Swedish Match said its pre-tax profits were up 18 percent to 239 million kronor from 202 million kronor a year ago.

Operating earnings, excluding financial items, were up 25 percent to 393 million kronor from 314 million kronor in the first eight months of 1983.

Sales of Swedish Match rose 14 percent to 6.103 billion kronor from 5.367 billion kronor. Swedish Match forecast that earnings for all 1984 would rise 15 percent to around 480 million kronor from 417 million kronor in 1983.

Long-Term Indicators Rise 2.2% in Britain

Reuters
LONDON — The British index of long-term economic indicators rose in September 2.2 percent, according to provisional figures released Wednesday.

The Central Statistical Office said the recent performance of the index suggests that the economic cycle will reach a peak in early 1985.

Sonesson Set For Control Of Gambro

By Juris Kaza
International Herald Tribune

STOCKHOLM — Sonesson AB, a diversified Swedish group with holdings in light industry and pharmaceuticals, said Wednesday that it was obtaining a majority stake in Gambro AB, a maker of artificial kidneys and other medical equipment. It also said it is replacing Gambro's top management.

In an agreement evaluated at 472 million kronor (\$53.6 million), Sonesson said it would increase its voting stake in Gambro to 57 percent from just under 24 percent, and boost its total share of Gambro's equity to 33 percent from 8.4 percent.

Four million shares will be purchased from the Crafoord family, the largest shareholders in Gambro.

The acquisition will be paid with 40.5 million kronor in cash and a new issue of 2.7 million shares in Sonesson. Bertil Lindquist, an executive vice president at Sonesson, will replace Anders Althin as managing director of Gambro.

Mr. Althin will remain with Gambro in the newly created position of deputy board chairman.

In the first half of 1984, Gambro reported pretax earnings fell 40 percent to 44 million kronor, while sales were up 14 percent to 692 million kronor.

Gambro forecast that earnings for all 1984 would be between 100 million and 120 million kronor, down from 156 million in 1983.

Lennart Nilsson, managing director of Sonesson, said Gambro had been hurt by production difficulties with its new line of bearing machines, as well as an excessive cost rises throughout the company.

Kuwait Unofficial Mart, Official One to Merge

Reuters
KUWAIT — Kuwait's official stock exchange said Wednesday that the unofficial Souk Al Manakh market, which collapsed two years ago with a \$90-billion debt, is to be merged with the official exchange Nov. 3.

Exchange officials said a new trade system will be used, allowing shares to be traded over the counter, along the lines of London's unlisted securities market.

Deals will be permitted for one hour a day after the official market closes. But of the 37 firms, all non-Kuwaiti Gulf companies, whose shares circulate on the unofficial market, only 20 have applied to be traded under the new system.

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COMPANY NOTES

Continental Illinois Corp.'s average daily borrowings from the Federal Reserve Bank of Chicago increased more than \$1 billion Monday and Tuesday, and reached \$5.925 billion on Tuesday, sources said. Continental officials declined comment. Continental has said that its daily borrowings from the Fed had dropped to \$4.9 billion as of Sept. 30, from an average of \$6.1 billion during the third quarter.

Disneyland employees ended a three-week strike Tuesday at the amusement park in Anaheim, California, after members of five unions approved a contract that included a two-year wage freeze. The unions and Walt Disney Productions, owners of the park, agreed that current employees would retain medical benefits.

International Business Machines Corp. is introducing two new Series

1 processors that offer about 50 percent greater internal performance and twice the storage of the current top Series 1 model. The company said the new 4956 Model E and its integrated disk version, the 4956 Model 60E, expand uses in distributed processing, communications and data processing.

Occidental Petroleum Corp. has filed a registration statement with the Securities and Exchange Commission for an offering of 1.05 million units of securities. Occidental said each unit will consist of \$1,000 in senior subordinated notes due in 1994 and of seven shares of preferred stock, convertible into common stock at no less than \$40 per share.

Philips Video Products Taiwan Ltd. plans to invest 686 million Taiwan dollars (\$17.6 million) in new facilities and has applied to the

Economics Ministry for approval to produce color monitor and color line output transformers, a ministry official said.

RCA Corp. said its net profit rose 28.8 percent in the third quarter from a year earlier, to \$78 million, or 74 cents a share, compared with \$60.5 million, or 53 cents a share, a year earlier. Revenue rose 8.8 percent, to \$2.47 billion from \$2.27 billion. The advance, it said, was spurred by record revenue from its electronics, NBC and Hertz car rental divisions.

Volkswagenwerk AG said that China is interested in making small numbers of the high-performance Audi 100, which is produced by VW's subsidiary, Audi NSU Auto Union AG. Last week, China and VW agreed to set up a plant to make VW Santana sedans in Shanghai.

Rowntree merged with John Mackintosh & Sons Ltd. That was also the year that Rowntree Mackintosh signed the licensing arrangement with Hershey Foods.

For a company that Mr. Haslinger, the deputy chairman, said was at one time not interested in expanding beyond 12 product lines, Rowntree has come a long way, selling more than 400 products in 120 countries.

Yet while the company now holds about 5 percent of the British potato chip market and has ventured into snack foods in the United States with Tom's Foods, Mr. Haslinger and Mr. Dixon are still reluctant to diversify.

"I prefer to look at it as a widening of our product base rather than diversification," Mr. Haslinger said. "We very much believe in chocolate and confectionery. This is still our main thing."

Subaru Faces U.S. Curbs
(Continued from Page 13)
June by Russell C. Mosteller Jr., recommended Subaru then and is still recommending it.

"For the long-term outlook," Mr. Mosteller said, "we project a 20-percent compounded annual growth rate in earnings per share, as we expect that Japanese auto import restrictions will gradually ease and strong pent-up consumer demand for Subaru's front-wheel-drive and four-wheel-drive vehicles will stimulate retail sales."

Subaru itself seems extremely bullish, despite increasing import competition from Ford, which plans to build cars in Mexico for sale in the United States, and General Motors, which is importing cars built by Suzuki and Isuzu in Japan to be sold by Chevrolet.

"We have our niche in the market," said Subaru's Mr. Reich, "and they have theirs."

Moreover, he said, in a "customer-satisfaction" study conducted by J.D. Power & Associates, the auto-marketing information company, of Westlake Village, near Los Angeles, Subaru ranked in second place, just behind Mercedes. A year ago Subaru stood in third place behind Mercedes and Toyota, but this year Toyota fell to fifth place, with Honda and Lincoln ranked third and fourth.

As for the possibility that import restraints might be lifted in the future, he maintained that even so "the Japanese don't want to exacerbate the situation back to 1981," when limitations were imposed because of weak U.S. sales, and would "not come full blast into the United States."

Meanwhile, what about Subaru's cash board? The company already owns five distributors, while 10 others are independent. Several of these, Mr. Reich said, will become available over the next few years, and Subaru hopes to buy them.

INTERNATIONAL POSITIONS

International Sales Manager

IOMEGA Corporation is seeking a Sales Manager with an impressive track record in computer peripheral sales. The position will be headquartered in Stamford, Connecticut and reports directly to our Vice President of Marketing. The successful candidate will develop and maintain accounts with major distributors and large OEMs in the European marketplace. Qualifications are 10 years of experience in Sales and Marketing, which should include 5 years of International Sales and Marketing or at least 5 years in computer related sales.

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Assisté d'un expert en télécommunications et d'un responsable marketing, vous encadrez les 170 personnes assurant les activités de maintenance en Europe, en Afrique et au Moyen-Orient, en assurant un rôle de formation et d'animation. Responsable de votre division, vous en définissez la stratégie, vous établissez des plans et des budgets et prévoyez les investissements nécessaires à son évolution.

De formation supérieure (Telecom si possible), vous avez une expérience de plus de 5 ans qui vous a permis d'acquies une grande ouverture d'esprit, un sens de l'international (bilingue français-anglais) et une aptitude certaine aux relations humaines à tous les niveaux. Nous vous remercions d'écouter, sous ref. 2682 à ERNST & WHINNEY Conseil, 150 Bd Haussmann, 75008 Paris, qui étudiera votre candidature avec soin et discrétion avant de vous répondre.

Ernst & Whinney Conseil

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Robert F. Cassidy
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Peter O. Kille
Executive Vice President

Siegfried Bouvier-Entle
Senior Vice President

A LEADING SWISS BANK EVALUATES THE UNDERLYING STRENGTH OF THE GERMAN ECONOMY

Despite pessimism often expressed in West Germany, their economy appears to be well on the road to recovery.

The strong U.S. dollar, which has been the center of attraction for some time now, has tended to overshadow the surprisingly strong performance of the D-mark over the same period. Although it has declined in value substantially against the U.S. dollar since the end of 1982, compared with a basket of other major currencies it has held its own quite well.

West Germany is clearly an economic giant with a high per capita income, ranking first among the

world's largest trading countries. Taking this into consideration, it is advisable for a well balanced international portfolio to include an appropriate share of D-mark investments.

The key questions, of course, are: What proportions, and timing?

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in the Federal Republic of Germany, and the implications for the International Investor.

We invite you to write today for a complimentary copy.

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U.S. Building Increases But Factory Use Falls

The Associated Press
WASHINGTON — U.S. new-home building rose 8.9 percent in September following two months of declines, helped by the growth in construction of new single-family homes and apartments, the Commerce Department said Wednesday.

In a separate report, the Federal Reserve Board said factories, mines and utilities operated at 81.9 percent of capacity last month, a sharp drop from the 82.6-percent rate in August and the second straight monthly decline.

The factory-use figures were in line with the industrial production indicator reported Tuesday which turned down in September for the first time in nearly two years. But most economists said that slide was only a temporary setback for the economy and not a signal of a full-scale retreat.

Air Canada Head Pushes Line's Privatization

MONTREAL — Privatization of government-owned Air Canada would be a logical move, the airline's president, Pierre Jeannot, said in a speech to the Montreal Chamber of Commerce. He said he hoped such a move would start with employee participation.

Mr. Jeannot said Tuesday he believed that Canada's moves to deregulate air transport have been prudent. He said Air Canada is responding with a stringent cost-cutting program and expansion into new markets, citing the airline's recently announced plans to begin service to India and Singapore.

Company Earnings

Revenue and profits, in millions, are in local currencies unless otherwise indicated

Australia		Amer. Express	
MIM Holdings	1983 1984	3rd Quarter	1983 1984
Revenue	(111.2) 123.0	Revenue	25.7 26.3
Profit	1.1 1.2	Profit	1.1 1.2
Per Share	0.04 0.05	Per Share	0.04 0.05

Britain		Crown Zell	
British Home St.	1983 1984	3rd Quarter	1983 1984
Revenue	22.0 22.1	Revenue	11.1 11.2
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SPORTS

Aiming at Belmont Sweep, Slew o' Gold Bears His Father's Winning Stamp

By Steven Crist
New York Times Staff

NEW YORK — It is still 10 minutes before post time, but the colt looks as if he is about to burst, twitching and chomping with nervous energy. His long neck is bowed sharply, stretching tight the golden-brown skin over his wide shoulders and deep, rippling chest. His mouth yanks at the bit over and over, his ears are stiff and alert. Each step is deliberate and forceful.

He looks like a human athlete going through a bizarre but deadly serious ritual to psyche himself up, and it really isn't much different. But the way Slew o' Gold behaves before he races reminds racetrack observers not so much of a person but of a horse who six years ago but was attempting the same task at Belmont Park Saturday — an unprecedented sweep of Belmont's fall championship series, victories in the Woodward Stakes, the Marlboro Cup and the Jockey Club Gold Cup.

That horse was Slew o' Gold's father, Seattle Slew, but the resemblance is not as logical as it sounds. Rarely has an equine son seemed so much the reincarnation of his sire, and never have a father and son been so successful in this country's premier races for older horses.

Slew o' Gold's current success reflects so well on his father because Seattle Slew has beyond any doubt proved himself the most important new sire of the last generation and figures to influence the breed for generations to come. Two

one-fortieth shares in his breeding rights were sold for \$2.9 million and \$3 million earlier this year, making him worth a theoretical \$116 million to \$120 million. Individual breeding seasons have been battered for as much as \$800,000.

That is, of course, a huge return on a horse who was sold for \$17,500 as a yearling. More surprisingly, it is an unusual and unprecedented success for a winner of the U.S. Triple Crown.

The last five horses who won the Kentucky Derby, Preakness Stakes and Belmont Stakes all went to stud amid high hopes, but all except for Seattle Slew are regarded as major disappointments.

Assault, who won the Triple Crown in 1946, was found to be sterile. Citation (1948) wasn't much better; his failure to sire anything resembling himself in part led to the long decline of Calumet Farm.

Secretariat (1973) was bred to be the best mares in the world and was looked to as the successor to Bold Ruler as the world's most influential sire. While he ranks among the top 5 percent of U.S. stallions, he has not produced a U.S. champion or a horse with any of his brilliance.

Affirmed (1978), who stands a few stalls down from Seattle Slew at Kentucky's Spendthrift Farm, has become the disappointment of the breeding world. He has yet to sire a U.S. stakes horse, while Ajdyar, whom he beat in all three Triple Crown races, has turned out one stakes-winner after another.

Seattle Slew entered stud amid mixed expectations and rare circumstances. Jim and Sally Hill and Mickey and Karen Taylor,



Taylor, left, with trainer Hertler and friend. 'Seattle Slew was fiercer, faster,' says jockey Cordero. 'This horse is smoother, like a pro.'

who had bought and raced him, were so attached to him and confident of his success that they retained half his breeding rights (most owners settle for a quarter or less). They also struck foal-sharing arrangements with the owners of top broodmares, whereby two breeding seasons to Seattle Slew would be exchanged for their choice of one of the resulting offspring.

Such an arrangement with Claiborne Farm led to the breeding of Slew o' Gold from his sire's first crop. Seattle Slew was bred to two Claiborne mares, and the Hills and Taylors chose the one produced by Alluvial, a daughter of Buckpasser and already the dam of numerous stakes horses, including Coastal, winner of the 1979 Belmont Stakes.

The breeding world was not expecting great things from Seattle Slew. Even after his Triple Crown, his near-miss at the fall series and his gallant Gold Cup, there was a lingering feeling that he was more

racetrack brilliance rather than genetic royalty. He was a grandson of Bold Ruler, by Bold Reasoning, but the female side of his family did not impress anyone and Bold Reasoning had not sired other stars.

The doubts were quickly wiped out. Seattle Slew's first crop, 2-year-olds of 1982, included Landaluce, the fastest filly since Ruffian. Unbeaten in all five career starts, including a 20-length triumph and an easy victory over colts, she died from a virus and bacterial infection

that November but was accorded the rare honor of a posthumous Eclipse Award as the champion of her division.

Slew o' Gold was a 2-year-old then, flashing promise but having trouble getting out of his own way. He and another of Seattle Slew's first sons, Stewy, both ran in the Kentucky Derby that fall and were favored, but both showed their immaturity and finished off the board. By the end of the next year, when they were 3-year-olds, Slew o' Gold had provided his sire with a second champion by finishing the year strongly to be named the champion 3-year-old. Stewy won two major fall races and was named the New York-bred horse of the

year. Seattle Slew is almost certain to have a third champion at the end of this year, as well as the dubious distinction of having sired two posthumous Eclipse winners. His second crop of foals included one bred and kept by Claiborne, a son of Tueria named Swale. He won several rich stakes last year as a 2-year-old but was the source of sophisticated handicappers because his dams were slow and his competition was moderate. He was outwitted, 91-10-1, for the 2-year-old championship (it went to his barnmate Devil's Bag) but over the winter he improved dramatically.

By this year's Triple Crown series, Devil's Bag was retrained with an injured knee, and Swale went on to win the Derby and the Belmont. Eight days later, he died suddenly from what has only tentatively been diagnosed as heart failure. But his achievements are certain to win him the title of 1984's champion 3-year-old.

Late Surge by Islanders Beats Young Goalie, 6-4

Compiled by Our Staff From Dispatches
UNIONDALE, N.Y. — Starting his first National Hockey League game, New Jersey goaltender Hannu Kampuni could be expected to see some new things. But what the New York Islanders Paul Boutilier showed him was startling.

With the score tied, 2-2, here Tuesday night, Boutilier fired a 50-foot shot that sailed over the net, struck the glass backboard and re-

bounded toward the cage. It went off Kampuni's shoulder into the net to put the Islanders ahead 3-2. It was the third period — the first of four final-period goals in New York's 6-4 victory.

Boutilier's goal started an avalanche. Mike Bossy scoring 1:05 later and Tomas Jonsson and Brent Sutter adding tallies that sealed the victory.

Bossy, with two goals and two assists on the night, hopes the Islanders will straighten themselves out although they've won two of three games this season. "It's time we took the reins," Bossy said. "In three games, we've been outplayed in every one. I was embarrassed by the few shots we got in the first two periods [10 in all]. A team with greater firepower than the Devils would have buried us."

"I don't think our enthusiasm is good and we're not skating well," said Bossy. "It looked to me like we were skating in sand."

Bossy helped prevent a loss by deking Kampuni at 1:22 of the third period after taking a pass from Clark Gillies. Jonsson boosted the lead to 5-2 with a 10-foot flip shot while the Islanders were two men up at 11:35. Gord Lane opened the scoring for the Islanders at 14:46 of the first period.

New Jersey, which had beaten New York, 7-2, in last week's season opener, scored twice in the first 2:12 of the middle period to take a 2-1 lead. Jan Ludvig punching in a rebound at the 55-second mark and Kirk Muller putting Tim Higgins's rebound past Roland Melanson made it 2-1.

New Jersey cut the deficit to 5-4 in the game's final two minutes on Muller's second goal of the night and Doug Sullivan's picking up an errant clearing pass and driving a short shot past Melanson. Islanders

scored the winning goal.

(UPI, AP)

SCOREBOARD

Transition

BASEBALL

CALIFORNIA—Normed Gene Mauch mon-

CLEVELAND—Placed Bradrick Parkins,

TODONTO—Wounded Grady Little manager

ATLANTA—Announced that Jerry Rysar,

BOSTON—Traded Gerald Henderson,

GOLDEN STATE—Wounded Russell Cross,

INDIANA—Cut Brock Stinson, guard,

NATIONAL FOOTBALL LEAGUE

OUFFALO—Wounded Robert Holt, wide re-

DALLAS—Jim Cooper, offensive tackle,

KANSAS CITY—Signed Michael Gunter,

PHILADELPHIA—Signed Dean Alv,

PITTSBURGH STEELERS—Signed John

ARIZONA—Signed John L. defensive

ST. LOUIS—Traded Paul Garhart, line-

N.Y. RANGERS—Sent Steve Richmond and

THOROUGHBRID RACING

CHURCHILL DOWNS—Named Gerald

COLLEGE

ST. FRANCIS—Named Tom McConnell as

NHL Standings

WALLES CONFERENCE

Pacific Division

W L T Pts GF GA

Washington 2 1 1 3 12 12

N.Y. Islanders 2 1 0 4 12 17

Philadelphia 1 1 1 3 9 18

New Jersey 1 2 0 2 12 12

N.Y. Rangers 0 0 2 2 1 10

Pittsburgh 0 2 0 0 6 9

Atlantic Division

Boston 2 2 0 4 12 12

Buffalo 2 1 0 4 12 11

Montreal 2 1 0 4 12 9

Hartford 1 1 1 3 9 10

Quebec 1 1 1 3 9 10

Campbell Conference

Maritime Division

Minnesota 2 1 0 4 12 6

St. Louis 2 1 0 4 12 7

Toronto 2 1 0 4 12 7

Chicago 1 2 0 2 11 14

Detroit 1 2 0 2 11 14

Seattle 3 0 1 7 13 7

Calgary 2 1 0 4 12 11

Vancouver 1 2 0 2 12 17

Winnipeg 0 0 2 2 1 10

Los Angeles 3 1 1 7 13 18

TUESDAY'S RESULTS

N.Y. Islanders 1 1 0 4 12 17

Lons (11, Bossy 21), Boutilier 21, Jonsson

(11, 3, Sutter 11), Ludvig 11, Muller 2 13,

Sullivan 12, Sles on goal; New Jersey 10

Football

NFL Team and Individual Leaders

INDIVIDUAL

American Conference

Quarterbacks

YDS TD INT

Marino, M.A. 211 14 20 2 4

Eaton, E.S. 128 8 10 7 1

Fouts, S.D. 122 7 10 8 1

Woodyard, P.H. 127 7 10 6 1

Rice, K.S. 105 13 10 1 1

Moon, M. 100 10 12 5 2

Pope, J.C. 100 10 12 5 2

Smith, J. 100 10 12 5 2

Rochow, P.H. 100 10 12 5 2

J.Williams, N.E. 100 10 12 5 2

Sander, P.H. 100 10 12 5 2

Rush, R. 100 10 12 5 2

Allen, R. 100 10 12 5 2

Duper, M. 100 10 12 5 2

Clayton, M. 100 10 12 5 2

Rogers, R. 100 10 12 5 2

Christensen, R. 100 10 12 5 2

Pruitt, C. 100 10 12 5 2

Duffy, J. 100 10 12 5 2

McMahon, I. 100 10 12 5 2

Bull, B. 100 10 12 5 2

Brown, K. 100 10 12 5 2

Winfield, S.D. 100 10 12 5 2

Newman, C. 100 10 12 5 2

Loverly, K. 100 10 12 5 2

Rogers, R. 100 10 12 5 2

Barrick, S.D. 100 10 12 5 2

Anderson, P.H. 100 10 12 5 2

Levy, J. 100 10 12 5 2

van Sumerum, M. 100 10 12 5 2

Bahr, C. 100 10 12 5 2

Gamble, C. 100 10 12 5 2

Breach, C. 100 10 12 5 2

National Conference

Quarterbacks

YDS TD INT

Patt, P. 223 10 11 10 3

Loverly, K. 151 10 15 12 5

Sullivan, D. 118 11 14 10 4

Barrick, S.D. 117 11 14 10 4

Anderson, P.H. 117 11 14 10 4

Levy, J. 117 11 14 10 4

van Sumerum, M. 117 11 14 10 4

Bahr, C. 117 11 14 10 4

Gamble, C. 117 11 14 10 4

Breach, C. 117 11 14 10 4

Rogers, R. 117 11 14 10 4

Christensen, R. 117 11 14 10 4

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